FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER
No. 30,264 Saturday June 20 / Sunday June 21 1987 D 8523 A

WORLD NEWS

Barcelona blast kills fifteen

At least 15 people were killed by an explosion in a Barcelona supermarket. Police said the blast could have been caused by a bomb.

The explosion was in the store's underground garage in the afternoon. The blast damaged the below ground section of the store and started a fire.

A man, claiming to speak for the Basque separatist group ETA, told a Barcelona newspaper about the bomb 30 minutes before the explosion.

Dock strike threatened

Leaders of the Transports and General Workers Union threatened a national dock strike over the planned closure of the Greenock container terminal. Back Page

Gunman kills himself

Gunman Anthony Ayre shot himself at Gloucester's central police station after taking hostage a policeman sent to investigate a suspected burglary near Cheltenham.

Air disaster report

Faulty repair work by the Boeing Corporation and faulty inspection caused the 1985 crash by a Japanese Airlines 747 in which 520 people died, said a Japanese Government report.

S African bus crash

Eighteen black miners were killed and 85 injured in South Africa when a bus taking them to work was hit by a train.

Spanish bank strike

Union officials said most banks in some areas of Spain, including central Madrid and Barcelona, were closed by a two-day strike by staff for shorter hours and more pay.

Airport disruption

A 24-hour strike by public employees in Belgium nearly paralysed Brussels international airport. The strike, in protest at Belgian government austerity measures also disrupted rail and postal services.

Marcinkus stays

The Vatican has rejected an Italian demand for the extradition of Vatican Bank chief Archbishop Paul Marcinkus in connection with investigations into the 1982 crash of Banco Ambrosiano. Page 2

Hong Kong warning

Senior Peking official Li Hou warned Hong Kong against holding direct elections next year, saying they would breach the Sino-British accord on the territory.

Clashes in Karachi

Two people were killed and at least six injured in a gun battle between rival ethnic groups in Karachi.

Embassy denial

South Africa's Paris embassy denied that President Mitterrand had temporarily refused to accept the credentials of a new South African ambassador. Page 2

Nicaraguan attack

US-backed rebels killed seven peasant militiamen and a young woman in an attack on a farming community in south-central Nicaragua, residents said.

Creation ruling

The US Supreme Court struck down a Louisiana state law requiring that where schools taught the theory of evolution they must give "creation science" equal time.

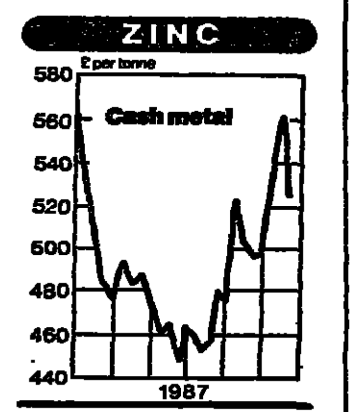
BUSINESS SUMMARY

Bank backs interest rate policy

BANK OF ENGLAND Governor Robin Leigh-Pemberton yesterday answered industry's call for a further cut in interest rates with the message that cheaper borrowing could push up inflation.

Speaking in the west Midlands he said Britain's output was growing strongly, profits and equity prices were high, prospective returns on real investment were favourable and the pound had strengthened. The Bank was reluctant to see a premature or excessive base rate cut which could therefore cause a return to high inflation. **Back Page**

ZINC prices fell further on the London Metal Exchange on confirmation that Peru's Cajamarquilla smelter had lifted its six-



week force majeure and on rumours of an impending pay agreement at Noranda's Brunswick mine and smelter complex. The cash price colsed down £19.50 at £524.50, a fall on the week of £37. **Commodities, Page 10**

LLOYD'S OF LONDON'S PCW affair moved nearer to conclusion when Lloyd's declared unconditional its offer of a settlement. **Back Page**

BUILDING SOCIETY receipts fell last month to £521m from £727m in April in part because of the Rolls-Royce privatisation and the call for second instalments from British Gas shareholders. **Page 3**

CANADA's tax reform White Paper includes plans for cuts in personal and corporate income tax rates and fewer concessions for special interest groups. **Back Page**

SCOTTISH Development Agency is to abandon plans for a large biotechnology plant near Edinburgh because of uncertainty about its use. **Back Page; Bitter pill for Scotland, Page 3**

GREYHOUND LINES, leading US bus company, plans to buy its main competitor Trailways for $80m (£49m), creating a near-monopoly in US bus transportation. **Back Page**

BULL, French state computer group, said it did not intend to sell its Bull CP8 subsidiary. The offshoot would pursue development of its "smart card" technology in spite of continuing losses. **Page 10**

CHRYSLER CORPORATION is buying Texas-based defence electronics contractor Electrospace Systems for $367m (£225m). **Page 10**

NORTON OPAX more than doubled annual pre-tax profits from £5.17m to £10.36m, helped by contributions from fellow printing and publishing group McCorquodale, taken over last November. **Page 8; Lex, Back Page**

RENOLD, UK gears and chains company, reported annual pre-tax profits sharply down at £100,000 against £7.6m the previous year. **Page 8**

US urges moderation over South Korean violence

BY MAGGIE FORD IN SEOUL AND LIONEL BARBER IN WASHINGTON

THE US has urged President Chun Doo Hwan of South Korea to exercise moderation in response to the violent demonstrations which have rocked the country.

The plea, reported to have been contained in a personal letter from President Ronald Reagan to President Chun, came as Mr Lee Han Key, the South Korean Prime Minister, warned that emergency measures might have to be introduced if the street disturbances did not subside. He appealed to demonstrators to exercise self-restraint.

Nationwide protests have broken out over the past 10 days over demands for a return to talks on democracy with the Opposition suspended by President Chun in April.

A policeman was killed in the provincial city of Taejon yesterday when students took over a bus and drove it into a row of riot police. Three other policemen were injured. Last week a university student was hit by a teargas canister during a demonstration and is on a life-support machine.

In Washington, Mr Marlin Fitzwater, the chief White House spokesman, said yesterday the administration was "very concerned" about the situation in South Korea. He refused, however, to confirm that President Reagan had sent a letter to President Chun.

Mr Fitzwater said: "We have informed Korea through a variety of channels that we believe they should continue a dialogue with the Opposition on constitutional reform and that they should work to end the strife as soon as possible through peaceful means."

The White House statement, coupled with cautionary comments by Mr George Shultz, the US Secretary of State, was seen as a warning to the South Korean Government not to introduce martial law or similar measures to quell the street violence, led largely by students.

South Korea is a close ally and trading partner of the US, which has 41,000 troops stationed in the country as a buffer against communist North Korea.

US officials are thought to have been surprised by the support the protests have generated. Senator Edward Kennedy and seven other congressmen yesterday introduced a bill calling for economic sanctions against South Korea unless it took steps to introduce democracy and respect for human rights.

Mr Shultz, stressing the low-key US approach, said: "I think dialogue is the key." He bluntly dismissed calls in Congress for pressure through trade sanctions. He added: "I think it is entirely inappropriate every time there are difficulties for people to start screaming about sanctions."

The Congressional move would restrict loans and investment in South Korea and prohibit preferential treatment of imports under the generalised system of preferences. South Korea had a $7.4bn (£4.6bn) trade surplus with the US last year, which has already provoked substantial friction between the countries.

Public feeling against the Government has been strong and broadly-based, prompting Mr Roh Tae Woo, leader of the ruling Democratic Justice Party, to appeal to President Chun for significant changes in policy. Mr Chun has not so far responded to the request.

Lloyds ends gilts and Eurobonds trading

BY DAVID LASCELLES, BANKING EDITOR

LLOYDS BANK, the smallest of the Big Four clearing banks, has decided to stop making markets in gilt-edged stocks and Eurobonds, making it the second major casualty of last year's Big Bang deregulation of financial markets.

The decison had been taken because the markets were overcrowded and Lloyds was not earning a sufficient return on the capital invested in them, Mr Brian Pitman, Lloyds chief executive, said last night. He denied, however, that his bank had sustained heavy losses.

"We are grapsing a nettle," he said.

Lloyds' announcement came three months after Midland Bank decided to retreat from the equity market because of heavy losses. But Lloyds is the first bank to leave the gilt-edged market whiich, with 27 members, was widely viewed as the most intensely competitive of all the markets re-shaped by Big Bang. Lloyds had only a small market share and it admitted several weeks ago that it was losing money.

The Bank of England, which supervises the gilts market, is not thought to have put any pressure on Lloyds to pull out. Its main concern was the withdrawal should be orderly and this had been achieved.

The decision to leave the Eurobond market also stems from the strength of competition, much of it from strongly capitalised US and Japanese investment houses. As in gilts, Lloyds did not have a large market share and saw no point in fighting to build it up with such low levels of profitability.

Mr Pitman said that although the decision to leave both markets was only taken at a board meeting yesterday, it had been considered for several weeks. He stressed: "This is not a short-term decision. Our view is that we must look after our shareholders."

Lloyds will continue to maintain an active presence in short-term securities trading, swaps and other Treasury products, building on its strengths in traditional foreign exchange and money markets. It is expected now to develop its securities business on an agency basis.

Mr Pitman said his bank would be redeploying the capital from the gilts and Eurobond operations into unspecified areas which offered higher returns. Lloyds had £25m invested in its gilts operation and £50m in Eurobonds. He said the action was not linked to any decision Lloyds might make on Third World debt provisions.

About 100 jobs will be affected by closure of the market-making operations in Lloyds Merchant Bank, the subsidiary where the capital markets activities are concentrated. Lloyds hopes to redeploy many of them within the

Continued on Back Page
Background, Page 3

Markets slip on inflation fears

BY JANET BUSH AND TERRY BYLAND

BRITISH FINANCIAL markets yesterday ended a volatile week, pushed sharply lower by fresh fears of higher inflation and a lack of overseas demand, despite the Conservatives' election win.

As equity and UK Government bond prices recorded substantial losses, sterling fell sharply and money market interest rates moved above 9 per cent as hopes for a post-election cut in base lending rates faded.

Mr John Shepperd, gilt economist at Warburg Securities, said: "This is one ofthe fastest swings in sentiment I have ever seen — from boundless optimism before the election to quite dire pessimism."

Before the poll on June 11, equities and gilts had risen strongly, money market rates discounted a half point cut in bank base rates to 8½ per cent, and talk centred on how the Bank of England would be able to continue successfully with the official policy of keeping a cap on sterling.

Many market participants had talked confidently of a flood of fresh foreign money into UK investments on news of the Conservative victory. However this has not materialised.

The past week has seen profit-taking in all major markets, even in the equity market which sustained its positive tone until mid-week in the face of a vulnerable pound and weak gilts.

The air of gloom deepened after a set of economic figures on Thursday. Although these showed record falls in unemployment in May and a continuing recovery in manufacturing output, the markets focussed on a rise in average earnigs growth in April and a large increase in bank lending last month.

Concern about increased inflationary pressure most directly affected gilts, which are particularly sensitive to inflation expectations and interest rates. Gilts lost more than two points during the week, pushing yields decisively above 9 per cent.

Interest rate cuts seem to be ruled out for now, an impression reinforced by Mr Robin Leigh-Pemberton, Governor of the Bank of England, in a speech yesterday.

He said it would be foolish to risk a damaging return to the uncertainty and acrimony of high inflation by lowering interest rates prematurely or excessively.

On the Stock Exchange, several major trading houses, tired of waiting for overseas buyers to lead a renewed rush in equities and aware of rising money markets rates and bond yields, told their traders to cut long positions built up both ahead of and after election day. There were hints that some foreign houses had sold too. Significantly, losses came mostly in stocks normally most favoured by Japanese funds.

There were, however, signs of bargain-hunting towards the end of yesterday's session.

The FT-SE 100 index closed 27.1 lower yesterday at 2266.1, a loss of 54.3 points over the last two days of the week. The FT Ordinary ended 24.8 down at 1758.3. Nevertheless, the equity market remains some 15 points above the levels reached on the eve of the election.

Sterling suffered from divestment of British investments to close at $1.6160, down from Thursday's closing $1.6295, and at DM2.9575 from DM2.9725. Its trade weighted index closed at 72.5, from Thursday's closing 72.7 and 73.4 last Friday.

...Money markets, Page 12; Bank's interest rate policy defended, Page 20; Lex, Page 20

Brazil seeks interest refinancing

BY IVO DAWNAY IN BRASILIA

BRAZIL IS to request refinancing for half the interest due on its $68bn (£42bn) in longer-term commercial bank debt before suspending its moratorium on payments.

Th remaining half of the total, estimated ta about $7.3bn over 1987-88, would be paid by the Government from foreign exchange earnings.

Also, Brazil will outline in forthcoming talks with banks and the International Monetary Fund its wish for a switch towards receiving positive cash flows from institutional and sovereign creditors, though not from commercial banks.

These were the main points made by Mr Luiz Carlos Bresser Pereira, the finance minister, to the Financial Times on Thursday in his first interview with a foreign newspaper on his negotiating aims.

Adopting a notably conciliatory tone, Mr Bresser Pereira said he believed an accommodation with the IMF could be reached if it accepted ministry targets on trade, growth and public deficits.

The chief goals are growth of 5 per cent this year and 6 per cent in 1988, trade surpluses of $8.5bn and $10bn respectively and reduction of the public sector borrowing requirement in 1987 to 3.5 per cent of Gross Domestic Product, down from a current estimate of 6.7 per cent.

Although efforts were being made to achieve public spending cuts Mr Bresser Pereira insisted that the targets would be his own and conditionality on financing was ruled out. "We are preparing this plan according to our own interest and what we think is good for Brazil," he emphasised."

His arguments concentrated on the need for a greater role for international bodies — the World Bank, the nter-American Development Bank and the Paris Club sovereign country creditors.

While Brazel could accept an outflow of funds to commercial banks, it needed a marginally positive inflow from international bodies, which are paid principal as well as interest.

"This would mean in the medium term that the share of the official banks and agencies should increase and the share of the private banks decrease," he said.

He accepted that the greatest difficulties could rest with the Paris Club of leading Western creditor nations, but hinted that flexibility with countries suffering balance of payments difficulties and the possibility of new money available from Japan's scheme to offer some $30bn in additional aid could iron out problems.

In language reminiscent of the commercial bank lobby, Mr Bresser Pereira emphassed that the debt issue was essentially political and that most of those involved recognised it required political solutions.

In commercial debts, he said a "menu" of options, similar to that offered by Argentina, would be avaiable, allowing banks to choose how to resolve their particular problems.

He ruled out any Brazilian demand for compulsory conversion of a portion of interest into principal.

With smaller banks, Brazil is interested in developing a system of debt auctons over a period of four years. It is thought this could involve sales of debt at substantial discounts, possibly to companies seeking to invest capital in Brazil.

There are also likely to be debt-for-equity exchange provisions, though Mr Bresser Pereira said such options had a greater appeal for the banks than for Brazil.

He underlined the importance he personally attached to normalising Brazil's relationship with the international financial community, while also maintaining its sovereignty over economic issues.

"This is a game both sides need to play," he said. New talks are expected to open with foreign creditors during July after an IMF team scheduled to visit Brazil next week has examined the domestic economic adjustment plan. Analysts believe full investigations may not conclude before the New Year.

Sainsbury in $261m US deal

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

J. SAINSBURY, the grocery chain, yesterday added to the recent surge of British investment in US retailing with an agreed share purchase and tender offer for a controlling stake in Shaw's Supermarkets of New England.

The price of the deal, which depends on uptake of the tender offer, is not expected to exceed $261m (£163m).

It will give Sainsbury 49 supermarkets, fanning out from a base in Boston, Massachusetts, into Maine and New Hampshire.

Shaw's which claims a 7 per cent share of the region's grocery market, last year made pre-tax profits of $31.1m on sales of $1.1bn.

Other recent entrants to the US market include Dixons, which bought the Silo chain of electrical superstores earlier this year, and Dee Corporation, which is building a large chain of sports equipment shops.

Sainsbury bought a 21 per cent stake in the US company in 1983 and later increased that to 28.5 per cent.

On Thursday it paid the controlling Davis family $76.5m for 2.55m shares, taking its stake to 49.4 per cent. It plans to launch a tender offer at $30 a share for the remaining equity.

Shaw's board and the Davis family have agreed to accept the offer, thus assuring Sainsbury of a total holding of 74 per cent.

The acquisition is to be funded partly by the issue of

Continued on Back Page
New Boston Tea Party, Page 8

MARKETS

DOLLAR

New York lunchtime:
DM 1.8255
FFr 6.0955
SFr 1.5165
Y144.65
London:
DM 1.8295 (1.824)
FFr 6.11 (6.09)
SFr 1.52 (1.5155)
Y145.05 (144.6)
Dollar index 102.2 (102)
Tokyo close Y144.49

US LUNCHTIME RATES

Fed Funds 6¾%
3-month Treasury Bills:
yield: 5.81%
Long Bond: 103⅟₃₂
yield: 8.47%

GOLD

New York: Comex August latest $450.5
London: $449.5 (451.25)

STERLING

New York lunchtime: $1.6175
London: $1.616 (1.6295)
DM 2.9575 (2.9725)
FFr 9.8725 (9.9225)
SFr 2.455 (2.47)
Y234.5 (235.75)
Sterling index 72.5 (72.7)

LONDON MONEY

3-month interbank:
closing rate 9⅟₁₆ (8⅞)

NORTH SEA OIL

Brent 15-day July (Argus)
$19.025 (18.975)

STOCK INDICES

FT Ord 1,758-3 (−24.8)
FT-A All Share 1,137.25 (−1.0%)
FT-SE 100 2,266.1 (−27.1)
FT-A long gilt yield index:
High coupon 9.02 (8.9)
New York lunchtime:
DJ Ind Av 2,412.53 (+4.4)
Tokyo:
Nikkei 25,288.12 (−462.43)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 8.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,800; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pta 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

CONTENTS

WEEKEND FT

GERMANY
Hope and hopelessness are ritualised in a country still trying to emerge from the shadows of its past.
Page I

FINANCE
What are the prospects for the BAA flotation?
Page V

EUREKA!
Personal Organisers for organised people.
Page XX

TENNIS
Tennis tuition on the Algarve....
How to Spend It on tennis ... and John Barrett's Wimbledon preview.
Pages XVI, XXI, XXIV

Weekend Report on Business Books
Pages XVII-XIX

Vatican rejects call to extradite Marcinkus

By Alan Friedman in Milan

THE VATICAN has rejected the Italian Government's demand for the extradition of Archbishop Paul Marcinkus, the 65-year-old chairman of the Vatican bank who is being sought by both the Italian police and Interpol for being an accessory to the fraudulent bankruptcy which led to the 1982 crash of Banco Ambrosiano.

A government official in Rome said last night that the Vatican had not yet formally notified the Italian Foreign Ministry of its defiant stance, but that the matter is understood to have been decided already by a Vatican court.

Magistrates in Milan first issued a warrant for the arrest of Archbishop Marcinkus and two of his top aides in February. The fraud charges relate to the Vatican bank's ownership of 10 overseas dummy companies to which Banco Ambrosiano lent $1.3bn. This money was never recovered and Banco Ambrosiano collapsed under the weight of this debt in 1982, just after the corpse of its chairman—Roberto Calvi—was found hanging beneath Blackfriars Bridge in the City of London.

The Vatican decision comes a few days before Italy's highest court is due to pronounce on a challenge by Monsignor Marcinkus's lawyers to the validity of the arrest warrant. This appeal follows a Milan court ruling in April which upheld the warrants and gave its non-binding opinion that the Vatican bank chief is guilty as charged of being an accessory

Syria presses for release of kidnap victims

BY EDWARD MORTIMER

SYRIAN LEADERS from President Hafez al-Assad downwards were said yesterday to be working for the release of Mr Charles Glass, an American journalist, and Mr Ali Osseiran, son of the Lebanese defence minister, and their police driver. They were kidnapped south of Beirut on Wednesday in what is seen as the most serious challenge to Syria's authority in Lebanon since its troops occupied the Moslem sector of Beirut in February.

Mr Glass's British wife Fiona has been told by sources close to the Syrians that they know the exact location of the hostages and their kidnappers and that the kidnappers are asking for a safe conduct in exchange for the hostages' release.

The Syrian commanders on the spot are said to be negotiating directly with the kidnappers, believed to be members of the pro-Iranian Hizbollah, or Party of God. They have ordered Lebanese officials not to get involved in anw mediation attempts.

Mr Glass, aged 36, is the 29th foreigner and tenth American missing, believed kidnapped, in Lebanon, but the first since the Syrian takeover in February. He was taken at gunpoint from Mr Osseiran's car on Wednesday afternoon in the suburb of Ouzai, near Beirut airport. The pair were on their way back from a visit to the southern city of Sidon. According to some reports the kidnappers first tried to take Mr Glass alone but Mr Osseiran refused to be separated from his guest.

Mr Glass, formerly a reporter in Beirut for the American ABC television network, now lives in London with his wife, three children and two stepdaughters. He returned to Lebanon earlier this month as part of a journey through "Greater Syria" which he plans to deseribe in a book.

Mr Glass reported the TWA hijacking from Beirut in 1985, but his wife denied yesterday that he had ever been asked to give evidence against Mohammad Ali Hamadei, a Lebanese citizen currently under arrest in West Germany who has been accused of organising the hijacking. Mrs Glass said her husband had met Mr Hamadei once, but not at the scene of the hijacking.

Charles Glass — seized in Beirut on June 17

Airline reform plans spark new Gibraltar row

BY TIM DICKSON

A NEW diplomatic row has flared up between Britain and Spain over Gibraltar.

At issue is the prospect of cheap flights to the British territory being sanctioned by a package of European Community airline reforms and thus posing a competitive threat to Spanish carriers. The problem was aired this week at a meeting of Community ambassadors in Brussels called to discuss the latest ideas on air transport liberalisation put forward by the Belgian Presidency of the Community.

These will be discussed at a crucial session of EC transport ministers in Luxembourg next week which is widely being seen as the last chance for a significant political breakthrough on the subject.

The question arises because Gibraltar would come under the proposal to liberalise routes between the major "hub" airports such as Heathrow and Charles de Gaulle and the less important regional airports throughout the Community. Gibraltar is a so-called category 3 regional British airport and as such would be open to the possibility of more flights to and from major European destinations in other member states.

Spain is one of four countries in the negotiations seeking exemptions from the new rules for certain of its own smaller airports. But Madrid is now demanding that Gibraltar be added to this list. Besides the potential commercial threat of the island being used as a backdoor entry to southern Spanish resorts, the arguments being used are that the land on which the airport is built was never ceded to Britain under the Treaty of Utrecht in 1815 and that the open process of bilateral negotiations over Gibraltar agreed between the two countries in 1984 would be breached.

British officials are clearly embarrassed that an issue normally dealt with bilaterally has flared up during Community negotiations. Officials refused to be drawn but the British view is that the position of Gibraltar is clear from the UK's Accession Treaty and that Madrid has woken up to the problem somewhat late in the day.

It is too early to tell whether the outcome of next week's crucial Transport Council will be affected by the dispute. But what is certain is that the Belgian Presidency's latest proposals hang in the balance.

Kohl urges closer defence links with France

BY DAVID MARSH IN BONN

MR HELMUT KOHL, the West German Chancellor, yesterday urged further strengthening of his country's defence ties with France, including the possibility of forming a joint Franco-German troop brigade.

But he made clear that France could not take the place of the US by extending its nuclear umbrella to the Federal Republic, saying that West Germany's security partnership with the US "could not be replaced."

Mr Kohl said also that the Government's package of tax cuts scheduled for 1990, designed as Bonn's principal contribution to boosting medium-term growth, would go ahead as planned in spite of growing criticism from within his Christian Democratic Union (CDU) party.

Speaking after a policy meeting of CDU leaders, Mr Kohl distanced himself from comments by Mr Alfred Dregger, the conservative parties' floor leader in the Bundestag.

Mr Dregger has called for France to take over from the US the role of a nuclear protector for the Federal Republic. The suggestion is aimed at compensating for weaknesses in West German security which the German Right believes will be exposed by prospective dismantling of US medium-range nuclear missiles in the Federal Republic.

Mr Kohl said the US was interested in greater European military co-operation within Nato.

He said improved military links with France were underlined by the large joint exercises to be held in the south of the Federal Republic in the autumn between French and West German troops. These represent the most important sign to date of French commitment to the forward defence of West Germany.

In spite of growing discussion in Paris on how the Franco-German defence relationship could be deepened, Mr Kohl said France did not want to take over the US role.

Mr Helmut Schmidt, the former Chancellor, has suggested repeatedly in recent months integrating French and West German conventional troops under a French commander to strengthen European defence.

Mr Schmidt appears to have tried both to align himself with and influence a growing mood among politicians on both Left and Right in Paris for France to extend formally its security presence east of the Rhine.

While not expressedly turning down the Schmidt idea, Mr Kohl said yesterday that it seemed "extraordinary" to discuss the nationality of the commander of a joint force before the force itself had been formed.

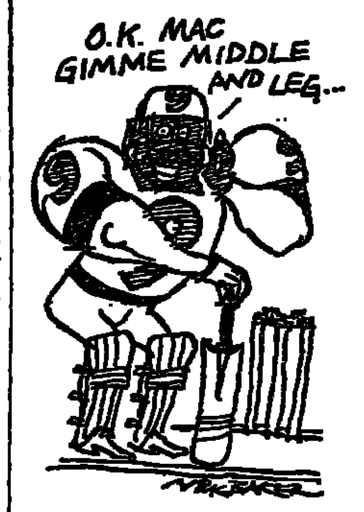
Americans rediscover a talent for cricket

THE Chicago-based Evanston and Skokie Cricket Club may not be world beaters. But they are among the cream of the dozen-strong Mid-West Cricket Conference.

The team distinguishing hardly surprising as it has 10 West Indians, include a hostil and malevolent trio of Jamaican-born pace bowlers; a cornucopia of stroke-playing middle order batsmen; a Ramadhinesque · Trinidadian spin bowler; a team manager rejoicing in the name of Montrose Brown; and a pathological inability to pace an innings over more than 30 of a game's alloted 40 overs per team. A journeyman English journalist who frequently makes up the numbers, comes rather low down the list of potential match winners.

While the standard of play is certainly no higher than that routinely exhibited on many an English village green, the test is made more exacting by the conditions.

The game is played on a variety of surfaces, from concrete to clay to turf (indifferently rolled). The lushness of the outfield is often more suited to grazing a dairy herd than for playing cricket. And the partisan nature of the umpires ensures that esoteric decisions invariably form part of the afternoon's entertainment.



Competition is intense — particularly between predominantly West Indian and predominantly Indian/Pakistani 11 — and teams think nothing of plying the 293 miles between Chicago and St Louis for an away match. Springfield, Milwaukee and Detroit also boast league standard teams.

As players begin whitening their boots and oiling their bats in preparation for the start of the new season, the game is enjoying something of a renaissance throughout this land of baseball addicts and other sporting Philistines.

As many as 100 clubs from California to New England, are now registered with the United States Cricket Association, suggesting a quota of at least 2,000 active players.

With the formation last year of the Philadelphia cricket league, each of the four largest metropolitan areas in the north east of the country now has its own local competition. The revival last July of the Philadelphia versus Boston all-star game (last played in 1874) even rated a lengthy curiosity piece in the New York Times. "Cricket ('well played, Percy') on rise in America," screamed the headline.

Of course, there is still a long way to go before cricket regains the popularity it once enjoyed in parts of America.

After all, it was New York City and not Lord's or the MCC which hosted the first-ever international cricket match (between the US and Canada) in September 1844.

Furthermore, America may reasonably claim to have produced, in a certain John Barton King, one of the greatest bowlers in the history of the game.

Wisden recounts that Barton King, who toured England three times with the Gentlemen of Philadelphia (taking 15 wickets at a cost of a fraction under 11 a piece on his last visit in 1908), is probably the only first-class bowler ever to hit the stump 11 times in one innings.

The unfortunate victims were the Gentlemen of Ireland, all of whom King clean bowled, during their 1909 American tour, for a total of 33.

David Owen

Paris refuses to accept S African envoy

BY GEORGE GRAHAM IN PARIS

FRANCE IS refusing to accept the new South African ambassador in protest at the imprisonment of a French teacher.

Mr Jean-Bernard Raimond, France's foreign Minister, yesterday summoned the South African charge d'affaires, together with Mr Henrick Geldenhuys, the ambassador designate, to express his Government's concern about the imprisonment.

He said France was determined to obtain the release of Mr Pierre-Andre Albertini, condemned in March in the Ciskei homeland to four years imprisonment for refusing to testify in a trial of anti-apartheid militants.

Foreign Ministry officials would not comment further on the meeting, but it has been made clear that President Francois Mitterrand would not accept Mr Geldenhuys's credentials, which he was due to present next week.

Mr Geldenhuy's appointment had already been officially approved in March, before Mr Albertini was sentenced. A refusal to accept letters of credentials after the preliminary approval is viewed by diplomats as a most unusual step.

The rebuff is seen by aides of President Mitterrand as a symbolic gesture, and does not necessarily mean that Mr Geldenhuys will be prevented indefinitely from taking up his appointment.

Mr Albertini· 27, who was carrying out his French national service as a teacher in the Ciskei, was arrested in October. Charges against him of transporting weapons were dropped, but he was then condemned for refusing to testify against five opponents of the South African regime who were arrested with him

Hyster puts Dublin venture into liquidation

By Hugh Carnegy in Dublin

HYSTER Corporation, the US forklift truck maker, has put into liquidation with liabilities of I£21.5m the Dublin operation it closed suddenly 10 days ago with the loss of more than 220 jobs.

The High Court in Dublin appointed Mr John Donnelly of Deloitte Haskins and Sells as liquidator after it was told by Hyster the company had decided to wind up its Irish subsidiary because of its inability to pay its debts.

Hyster said its assets had a book value of I£14.6m but that, when sold, these would realise substanially less.

The collapse of the operation, which was originally intended to develop and market automated handling equipment, was a heavy blow to the Industrial Development Authority which regarded it as a prestige investment. The IDA sank I£15m into the project and spent a further I£6m on building the factory.

The IDA said yesterday it had approached the Hyster parent to seek full repayment of I£11.3m in reclaimable grants, anticipating full return would not be secured from the subsiduary by the liquidator.

Doubts over plan to end mines job controls

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA is introducing legislation to end job reservation on racial grounds in the country's mines. However, some mining companies fear this could guarantee the status quo by other means. Mineowners would still not be able to hire workers freely.

Mr George Bartlett, Deputy Minister of Economic Affairs and Technology, who introduced the second reading of the bill, assured parliament that although black miners would no longer be excluded from 13 job categories, the proposed legislation contained "safeguarding measures."

The mining industry's concern stems from provisions which allow the minister or a committee appointed by him to decide who will be employed in a particular job. The labour adviser to one mining house says that though common qualifications for jobs wil apply to people of all races, white union representatives on qualification committees could continue to exclude blacks from "white" jobs. Nevertheless, he believes the bill is an improvement on the original proposals.

The all-black National Union of Mineworkers (NUM) opposes any limitations on entry to jobs.

The new legislation has come to parliament six months after the government's deadline for scrapping the racial clauses of the Mines and Works Act. The delay was due both to government's fears of a right-wing backlash and to the difficulty of reaching a negotiated agreement between the mineowners, black miners and white miners.

● The NUM has agreed a 15 per cent wage increase with Duvha Colliery. The rise is low compared with demands put to the Chamber of Mines, but the agreement includes important additional provisions. The colliery, managed by Rand Mines, is spearheading a shift away from the paternalism which pervades black employment in the mining industry. Black miners' wages will be raised to a level which permits them to raise a mortgage to buy in a township near the mine. Men who wish to stay in mine housing or in the mine's hostel can continue to do so.

European states pick and choose over air pacts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SEVERAL WESTERN Europe governments have signed two international pacts designed to liberalise elements of European air transport, including provision of cheaper fares and making it easier for airlines to increase their market shares.

In effect, however, these pacts, have been under discussion for some time by the 22 governments of the European Civil Aviation Conference and have been overtaken by events.

Many fares are already cheaper than those envisaged under the pacts, and the new market shares arrangements have been achieved in many countries.

Moreover, while the discussions involved some 22 members of the European Civil Aviation Conference—Austria, Belgium, Cyprus, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK and Yugoslavia—only some of these have signed each agreement, and there are some significant abstentions.

For example, the UK and the Netherlands, which led the liberalisation campaign, have so far signed neither pact. They have already said they believe that the provisions involved do not match the kind of liberalisation they have already achieved through their own bilateral efforts.

Close contest in Bahamas poll

A CLOSE outcome was predicted in elections with the incumbent Prime Minister, Sir Lynden Pindling, fighting to win a further term in office for his Progressive Liberal Party, Athena Damianos reports from Nassau. Sir Lynden, who has held power since 1967 when he swept the white-lead majority government aside and led this Caribbean Commonwealth nation to independence, has been under pressure throughout the campaign to fend off widespread allegations of drugs-linked corruption.

With an electorate of over 100,000, the opposition Free National Movement, has been canvassing hard to win the youth vote disaffected by the high levels of unemployment on the islands.

The opposition leader, Mr Kendal Isaacs, a 61-year-old lawyer, has based his campaign on the need to re-establish "democracy and decency." Sir Lynden has relied on his populism, drumming up support by criticising the US for seeking to interfere with the election.

Although the US has refrained from direct comment on the outcome, the Reagan Administration has not concealed its desire to see a government that would adopt a more energetic stance fighting the lucrative narcotics business.

Malta opposition protest

THOUSANDS OF opposition Maltese Labour Party supporters yesterday overran cordons of police and ransacked the island's central courthouse in Valetta where 15 men were due to be tried for tampering with last May's voting, Godfrey Grima reports from Malta.

For the entire afternoon Valletta was controlled by the demonstrators in the first challenge the opposition party has thrown at the new government of Dr Eddie Fenech Adami. The party is insisting government moves against both Labour and Nationalist Party supporters who the day following the elections attacked numerous Labour party clubs.

At least three demonstrators were rushed to hospital, including a young boy, when thev clashed with baton armed police. Yesterday's incidents have disintegrated in a cloud of clashes the paper thin peace which survived the general election result.

Oslo probes forbidden sale

NORWAY, embroiled in a dispute with Washington over high-technology defence sales to the Soviet Union, may have sold more of the same equipment since the original deal, senior justice official said yesterday, Reuter reports from Oslo.

Mr Tor-Aksel Busch, state prosecutor, said he had started fresh investigations into Kongsberg Vaapenfabrikk, the state-owned arms company, which in 1982 and 1983 delivered computers to Moscow used to help make almost silent submarine propellers.

"There may have been other deliveries of the same equipment since then," he said.

The new development is expected to cause concern in Washington, where there have been calls in Congress for a ban on trading with the company and for damages compensation for the deal.

Mrs Gro Harlem Brundtland, the Norwegian Prime Minister, wrote to President Reagan on Wednesday, apologising for her Government's laxity in dealing with the sale which broke Western restrictions on export of high technology to Communist countries.

Portugal and OECD differ on growth forecast

By Diana Smith in Lisbon

THIS WEEK'S OECD forecast for economic growth in Portugal of 2.75 per cent in 1988 is significantly lower than Portuguese Government forecasts, which put growth at 3.5 per cent.

Meanwhile, the Economist Intelligence Unit's report on Portugal gives an even lower prediction. It suggests that a marked slowdown in private consumption coupled with high imports could drive growth to 1 per cent in 1988.

However, since the 1983-1985 austerity programme negotiated with the IMF and the more recent stimulus of European Community membership, Portugal's agricultural and industrial production, its wage base and supply of services have all consolidated and the economy is becoming better able to withstand outside competition.

The OECD forecast for private consumption sets it at 3.75 per cent growth in 1988. In 1987 private consumption is expected to grow by 5 per cent compared with 7.6 per cent in 1986 which the authorities considered excessive and which they have sought to cool by restricting consumer credit in recent months.

The authorities became worried when money upply took off at the beginning of this year and reached 25.7 per cent growth by the end of the first quarter.

North silence causes concern

BY LIONEL BARBER IN WASHINGTON

THE HOUSE-SENATE committee investigating the Iran-Contra affair yesterday met in an effort to break the impasse over Lt-Col Oliver North's refusal ot testify behind closed doors.

Col North has also refused to comply with a subpoena requiring him to band over crucial documents, thereby disrupting the committee's inquiry and drawing threats of contempt proceedings from one of the senior Republican members.

All Iran-contra witnesses have given private testimony to the committee's lawyers before they have appeared in public. The procedure — long established — enables the panel to cross-check testimony and avoid surprises in the public sessions.

The committee is taking private evidence from President Reagan's former National Security Adviser, Rear Admiral John Poindexter, previously Col North's supervisor, and is particularly anxious to compare testimony.

Col North's lawyers argue that the private questioning would violate their client's rights against self-incrimination, and the Marine officer would appear only in public session. Some committee members have suggested, however, that this is merely stalling and that Col North—despite earlier pledges — does not want to co-operate.

Col North is under a federal order to testify before the panel but in exchange has been granted limited immunity from prosecution.

The Washington Post, quoting senior committee members, said that the committee had concluded that "three previous witnesses — retired Air Force General Richard Secord, Ms Fawn Hall, Col North's former White House secretary, and Mr Elliott Abrams, US Assistant Secretary of State — had not told the whole truth

Israelis capture Arab terrorists

BY ANDREW WHITLEY

THE ISRAELI authorities have broken up a Palestinian guerrilla unit responsible for a string of political assassinations in the occupied West Bank, notably the killing last year of the Israeli-appointed Mayor of Nablus.

The death of Mr Zafr al-Masri, the short-lived Nablus city administrator, was a setback to Israel's policy of devolving a degree of local authority to moderate Arab notables.

General Amram Mitznah, military commander of the West Bank, said yesterday the group was part of the hard-line Popular Front for the Liberation of Palestine.

The Syrian-backed PFLP, headed by Mr George Habash, recently rejoined the mainstream Palestine Liberation Organisation, suggesting that the PLO would be forced to put more emphasis in future on armed actions.

According to security sources over the past two weeks three of the PFLP squad — believed to number seven — have been detained. One allegedly confessed to having been recruited in Bangladesh and trained at a camp in Syria.

General Mitznah described the squad as highly professional and effective. Concentrating on the killing of suspected Arab collaborators it is said to have received its orders directly from Mr Habash

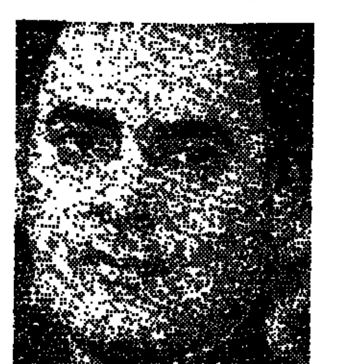
Prime Minister Yitzhak Shamir's right-wing Likud bloc has sent a telegram to Pope John Paul II, urging him to cancel his invitation to Mr Kurt Waldheim because of the Austrian President's alleged Nazi past.

The meeting with the Pope will be Mr Waldheim's first official state visit since he was elected to the presidency last June.

Spanish bank workers stage two-day strike

SPAIN reinvented the bank holiday yesterday when unions chose the two days after Corpus Christi to call bank workers out on strike, providing them with a four-day weekend, writes David White in Madrid.

The 48-hour strike, over working hours and an 8 per cent pav claim, is the first major industrial action in the banking sector since 1983. It had an uneven impact, although the organisers claimed 75 per cent support



Gandhi—defeat in Haryana means he has to rebuild his image

Gandhi's poll humiliation weakens Congress morale

BY JOHN ELLIOTT IN NEW DELHI

THE HUMILIATING defeat of Mr Rajiv Gandhi's Congress I party in the north Indian state of Haryana was confirmed yesterday when the Lok Dal party and its Bharatyia Janata coalition partner won over 70 of the state assembly's 87 seats.

This reduced the Congress I total from 61 in the outgoing administration to a mere four, removing it from office.

This unexpectedly heavy rejection of Mr Gandhi and his unsuccessful attempt to solve the Sikh crisis in the neighbouring state of Punjab was the latest of a series of defeats for the Congress I in state elections in the past two years.

These elections have resulted in victory for parties with strong regional appeal in such places as Punjab, Assam, Mizora and Jammu and Kashmir. Earlier other states such as Karnataka and Andhra Pradesh in south India fell to regional parties. The trend means that morale and organisation is becoming seriously weakened in Mr Gandhi's Congress I party.

But there was no sign of any attempt within Congress I to replace Mr Gandhi. This is chiefly because there is no alternative candidate matching his stature and vote-winning ability.

He has two possible rivals, but both have disadvantages which would stop them being chosen in the foreseeable future. One is Mr Vishwanath Pratap Singh, former Finance and Defence Minister, who has been mounting a personal crusade against alleged government corruption. But Mr Singh's clean image would not appeal to many Congress I activists and leaders, even though it might appeal to the electorate.

The other is Mr Arun Nehru, once a close aide of Mr Gandhi and a former National Security Minister. He has considerable skills in party political management and has the advantage of carrying· as a cousin of Mr Gandhi, the politically useful name of Nehru. But he is unpopular with many MPs and would not be an easy choice.

So Mr Gandhi has time to try to rebuild his image. First he has to face an election next month for a new President of India. His candidate is Mr R. Venkataraman, the vice president, should win easily unless the Haryana result sparks an unexpected revolt among Congress MPs.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: R.A. Harper, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1987.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y 10022.

Party newspapers show Alliance split on merger

BY PETER RIDDELL

DIFFERENCES both within and between the Social Democratic and Liberal parties over their future relationship have surfaced in angry exchanges in party newspapers.

The contrast is symbolised by the front-page headlines "Merger is at the top of the agenda" in Liberal News, and "SDP MPs hold back on merger" in the Social Democrat.

The latter shows a half-torn photograph of the two leaders with the caption, "David Steel splits the Alliance with his call for democratic fusion of the SDP and the Liberals by the end of 1987. The SDP's Gang of Five in the Commons says 'no deal' until the dust settles."

This follows a week of the most open divisions since the Alliance was formed in 1981, prompted by the call last Sunday from Mr Steel, the Liberal leader, for early progress towards a merger, following the Alliance's setbacks in the election.

Mr Steel's view is backed in Liberal News where Ms Maggie Clay, general secretary of the Association of Liberal Councillors, argues for merger and says this has already happened at grassroots level in most places.

Dr David Owen, the SDP leader, has remained silent throughout the week, but his supporters, including most of the party's five MPs and the Social Democrat newspaper, have been highly critical of Mr Steel's tactics and a possible merger.

John Cartwright: against "pro-merger blitzkrieg"

They generally accept the case for a single Alliance leader but favour a federal structure.

There are growing divisions within the SDP between Dr Owen and his allies who are worried about a loss of the party's identity, and a pro-merger group led by former MPs Mr Roy Jenkins, Mrs Shirley Williams and Mr Bill Rodgers, some of whom are concerned that the SDP could split, with one group joining the Liberals and another remaining independent.

Writing in the Social Democrat, Mr John Cartwright, SDP whip and a party vice-president, says: "Those responsible for the current pro-merger blitzkrieg in the Alliance seem to have combined the sensitivity of Genghis Khan with the strategic genius of Ethelred the Unready."

Similarly, Mr John Grant, former SDP MP, attacks "foolhardy opportunism" by the Liberals which is counter-productive.

By contrast, Mr Rodgers, one of the SDP's founders and a party vice-president, says either the party enters into a union with the Liberals or accepts its mission has failed.

Mr Gwynoro Jones, a former MP and the Alliance's chairman in Wales, last night urged Dr Owen to accept the "inevitable merger" and attacked the party's MPs for being "ham-fisted, pathetic and childish" in their decision to have separate parliamentary spokesmen.

In Liberal News, party officers appeal for calm and a decision in principle on merger by the end of the summer. However, there is considerable criticism of Dr Owen and in a back-page column Mr Tony Greaves, a prominent Liberal activist, argues: "It's now clear that the Alliance has all been to no avail. A blunter word would be 'flop.' The mould has not broken and the SDP seems to have no future place in British politics. Merger seems inevitable."

Allan Green: member of Bar Council

QC is to succeed Hetherington as DPP

By Raymond Hughes, Law Courts Correspondent

THE NEXT Director of Public Prosecutions, the head of the independent Crown Prosecution Service, was named yesterday.

He is Mr Allan Green, QC, who will take over when Sir Thomas Hetherington retires at the end of September.

The CPS, which has faced some criticism since it was set up 14 months ago to take over prosecutions from the police, also announced changes in its management structure designed to improve efficiency and staff morale. In the past it has suffered from recruitment problems.

The changes include strengthening the service's head office and regional management — four regional directors have been appointed for the north of England, the Midlands, the south and the west.

The post of Deputy Director and Chief Executive has been created. It will be filled by Mr David Gandy, formerly head of the CPS field management team.

The CPS said the changes meant that Mr Green would be involved directly in cases of major significance.

Mr Green was called to the Bar in 1959 and became a QC this year. As a senior Crown prosecuting counsel at the Old Bailey he appeared in a number of notable trials, including those of the mass murderer Dennis Nilsen in 1983, and the Schulzes, convicted of spying for East Germany.

He is a member of the Bar Council and has served on its professional standards and professional conduct committees since January.

Sir Thomas, who has been DPP for ten years, said six months ago that he believed he was on target to hand over a "pretty workmanlike" service to his successor.

The service has experienced some teething problems and has yet to overcome chronic staff shortages in some parts of the country which has lead to a suggestion that legally unqualified staff might be used to prosecute minor cases, such as motoring offences, in magistrates' courts.

London, in particular, is still suffering from a shortage of prosecutors.

Much of the problem lies with the salaries the CPS offers.

James Buxton on the abandoning of a major biotechnology scheme

Bitter pill for Scotland to swallow

SCOTLAND'S hopes of becoming a major player in the manufacture of biotechnology products have suffered a cruel disappointment. The Scottish Development Agency has decided to abandon a project under which Damon Biotech, a leading US biotechnology company, would have set up a large plant at Livingston, near Edinburgh.

The Damon project was always a high-risk venture. Damon, based in Massachusetts, is one of a number of companies which have pioneered ways of making artificial anti-bodies, substances which identify and combat invading organisms in the body, notably cancer viruses. It developed a process for breeding monoclonal antibodies on behalf of the major pharmaceutical companies, as well as discovering biotechnology products of its own.

Damon's decision to set up a European manufacturing plant —taken in 1984—was based on the belief that the market for monoclonal anti-bodies was about to expand as new products obtained approval from government agencies around the world.

In the Scottish Development Agency, it found a partner prepared to build a factory, arrange a financial assistance package worth up to £19m and become an investor in a consortium of venture capital funds. Out of the total cost of the project—originally put at $40m (£24.5m)—Damon was only to have contributed $3m.

The dramatic scaling-up which the project involved meant building a 70,000 square feet plant—compared with Damon's existing 9,000 square feet facility outside Boston. It would have employed no fewer than 300 people. The cost of the project should be seen against the size of Damon's turnover—just $2.3m in the year to last August.

The plant would have produced between 30 and 50kg of biotechnology products a year, against the entire industry's current total annual output of about 15kg. Yet Damon did not know exactly what products the plant was going to produce when it embarked on the project, since that depended to a large extent on which products Damon's clients were able to obtain permission for. However Damon did believe it was on to a winner with its own discovery of a monoclonal antibody to treat the disease lymphoma —tumours of the lymph glands.

In the event, problems arose soon after the project was announced in mid-1985. The venture capital investors insisted on a change of chief executive in the UK subsidiary of Damon. The market for biotechnology products developed far more slowly than Damon had expected as the US Food and Drugs Administration delayed granting approval for specific products. Damon's lymphoma product ran into problems in clinical trials.

By last autumn, work on the Livingston factory had been halted as both the SDA and Damon reassessed the project. Damon's attention began to turn more towards tissue plasminogen activator (TPA), designed to thin blood clots in heart attack patients, and it recently signed contracts with a Japanese and US pharmaceutical company to make it in small quantities. But the SDA did not feel it could hold the Scottish plant in waiting until such time as Damon needed the capacity.

The SDA may not actually lose money over Damon. It hopes to recoup the £3m it has spent on the plant by selling it and with the other venture capital investors may even make a profit by converting its sares in Damon UK into equity in Damon US. But that begs the question of whether the agency was wrong to back the project in the first place.

Yesterday Mr Gerard Fairtlough, chief executive of Celltech, Britain's leading monoclonal antibodies producer, said of the SDA's abandonment of the scheme: "We are not entirely surprised. We could never understand the basis of the project in the first place as a means of making monoclonal anti-bodies. Here in Slough, in a plant one-tenth the size of the Livingston facility, we are supplying 40 per cent of the world market for monoclonal antibodies and could increase our output tenfold in the same plant by installing more equipment."

He said he found it difficult to understand why Damon's monoclonal antibody process required such a large plant, though he acknowledged that the US company may have overestimated the market.

Dr Keith James, an Edinburgh biotechnology specialist, said yesterday: "It is very sad. I was asked by the SDA to advise on the scientific basis of Damon's process and on its applications, but not on its economics." He believes the SDA sohuld have gone for a much smaller initial plant and built up from there.

The SDA said yesterday that its decision to back the project was based on advice from "a series of the best possible consultants. We did our homework very thoroughly. But we don't regret entering into negotiations for what would have given Scotland a foothold in an industry of great potential and we will not be frightened off high-risk projects because of this."

Building societies' receipts fall

BY HUGO DIXON

THE PRIVATISATION of Rolls-Royce and the second call for money from British Gas shareholders contributed to another poor performance by building societies in the retail savings market last month.

Net retail receipts were £521m, down from £727m in April, according to figures published by the Building Societies Association yesterday.

Mortgage demand continued at a fairly high level with gross mortgage advances of £2.8m in May, the same as in April. However, the upturn which would normally be expected in the summer months did not happen.

Homeowners repaid £1.6bn last month, resulting in net mortgage advances of £1.2bn.

Societies therefore had a funding gap, which was financed mainly by borrowing a net £317m on wholesale financial markets. Net borrowing from wholesale sources for the first five months of the year has been £1.3bn, up from £1.1bn in the same period last year.

The outlook for societies in the next few months is not particularly encouraging. Net retail receipts for June are expected to fall even further to about £200m, as the full effect of the second call from British Gas shareholders, who had to pay by June, is felt.

The cuts in mortgage rates for new borrowers announced by the two largest societies, Halifax and Abbey National, earlier this week are likely to increase mortgage demand. At the same time, the industry is expected to face a seasonal downturn in retail receipts.

● Lloyds Bank has reduced its mortgage rate for new borrowers from 11.3 per cent to 10.8 per cent with immediate effect. It expects the same rate to apply to existing borrowers from August.

Yorkshire Bank yesterday announced a cut in its mortgage rate from 11 per cent to 10.5 per cent. The new rate, which applies to new and existing borrowers, takes effect from July 1.

Accounting methods 'must alter'

BY HUGO DIXON

THE DAYS of a building society talking about its surplus—rather than its profit—are numbered following the publication this wek of a consultative document on accounting practices by the Building Societies Commission, the industry's regulatory body.

The commission is proposing that societies draw up their annual accounts in much the same way as public companies do. This is a recognition, following last year's Building Societies Act, that despite their mutual status, societies are not that different from other companies.

As societies have moved increasingly into the mainstream financial system, stockbrokers' analysts and others have taken greater interest in their accounts.

The proposed changes will mean accounts reveal more information than in the past and present it in a way more familiar to the financial community.

At the same time, the commission is proposing that building society investors cease to receive a full copy of the accounts, because of the expense in producing and mailing such a document to large numbers of people who are not interested in so many details. Instead, they will receive a summary and get the full accounts only if they reqeust them.

The consultation proces will last until the end of July. Final regulations are expected to be made in September.

Building Societies Act 1986. Draft accounts regulations. Building Societies Commission, 15, Great Marlborough Street, W1V 2AX. Free.

Health check reveals unfit managers

BY LISA WOOD

MORE THAN 10 per cent of middle to senior management are so unfit they have difficulty walking up two flights of stairs, according to a survey by City Health Care, an organisation which provides private medical checks.

The organisation has drawn conclusions from analysis of up to 500 health care checks which in the main are provided for senior personnel. Excluded from the survey are those who went for a check because they were worred about a particular health issue.

The main findings were:

● 18.1 per cent had blood pressure problems.

● 2.5 per cent had previously undiagnosed serious heart disease which needed hospital treatment.

● At least 6.7 per cent had liver malfunction most likely associated with alcohol.

● 33 per cent were current back pain sufferers.

● 18.9 per cent had hayfever or asthmatic-type problems.

● 9 per cent were very fit, sufficient for example to allow marathon running.

Dr Malcolm Emmery, of City Health Care said fitness increased among the 40-45 year old bracket among males, but it was also the age group which showed a sudden increase in the risk of coronary heart disease.

"We could surmise from this that men in this age group, often middle managers, are under considerable stress to push into the highest rank of management. They may also be more concerned about fitness because of a mid-life crisis about their attractiveness," he said.

The healthiest people, according to the analysis, were those who had below 15 per cent body fat, a fitness level which was at least average and did not smoke.

Dr Emmery said: "The implications of this would appear to be that a balanced and positive approach to health is required — that it is not essential to pursue high levels of exercise or over-control of diet to stay healthy but equally, that few people stay healthy by doing nothing."

While many men ate a sensible diet at home they often ate excessive business lunches. "The traditional heavy business lunch can be a real threat to health," he said.

Saitama leads housing loan

By Stephen Fidler

A JAPANESE bank has been asked to arrange an £18m loan for a housing association to finance a large housing development in west London.

The loan, led by the Saitama Bank and to be syndicated among a small group of banks, is for the Notting Hill Housing Trust and will be used as bridging finance during the construction of a housing development at Drayton Bridge Road, Ealing. It is guaranteed by the London Borough of Ealing.

The final maturity of the credit is at the end of October 1989, although the borrower has the option to extend it for a further six months. The loan will then be replaced by an index-linked loan from the Halifax Building Society.

British Gas industrial users to make monopoly complaint

BY MAURICE SAMUELSON

NINE MAJOR British industries, including steel, chemicals, paper and glass, are to complain to the Monopolies and Mergers Commission and the European Community over what they regard as an "abuse of monopoly power" in their treatment at the hands of the British Gas Corporation.

The nine, who belong to the Energy Intensive Users Group, complain that the prices of firm supplies of gas in Britain are 50 per cent higher than those paid by their competitors in mainland Europe.

Reacting to Thursday's record profits and the domestic tariff cuts by British Gas, the group said that when Sir Denis Rooke, the chairman, had insisted on having "satisfied customers," he had not included industrial consumers."

"They account for 30 per cent of his gas sales and their contribution to his profits last year included nearly £200m due solely to the excess prices charged to firm contract customers.

"This is because since BGC was formed they have paid an average 30p/therm or more versus an average in other leading EEC countries of 20p."

The group, which also includes textiles, pottery and refractory manufacturers, said this 50 per cent price differential was "an abuse of monopoly power."

It was causing serious competitive damage to manufacturing companies which export up to 50 per cent of their production and was a threat to those exports, to home production and employment.

"Consumers are now to seek action to end this British Gas policy which in the long run can only damage BGC's

Mr Ian Blakey, co-ordinator of the Energy Intensive Users Group and director general of the British Independent Steel Producers Association, said his members would look under the Gas Act for early investigation and action on firm gas by the Office of Fair Trading, the Monopolies and Mergers Commission and the EEC.

"If only there were a gas pipeline linking us to the Continent so that manufacturing industry could buy gas as freely from the rest of Europe as their customers can buy competitive goods," he said.

CBI warns of skill shortage

BY HAZEL DUFFY

ONE IN five manufacturing companies in the south of England are citing skill shortages as a factor likely to inhibit growth, says the Confederation of British Industry.

Sir David Nickson, CBI president, told businessmen yesterday that lack of labour mobility, due largely to an absence of suitable housing, was exacerbating the problem. This was particularly marked in the Thames valley.

"One reason advanced is that there is no accommodation available for rent and insufficient public sector housing because of the restricted nature of county structure plans, and private sector housing is out of reach for many people."

The difference in house prices between the south-east and other parts of the country is one of the problems encountered by employers who wish to move people from the north and the Midlands to the south.

Earlier this week the CBI council supported the proposal that the high cost of housing in the south was one of the priority tasks for business and the Government to resolve.

Sir David pointed out that a house buyer in the south-east had to pay more than five times his salary for his house, while in the north-west, prices on average required a buyer to pay only three times his salary.

Shortages of labour were not among the highly skilled alone. Basic engineering skills and a wide range of jobs, including secretaries, were also in short supply.

"Many school leavers are not sufficiently literate or numerate to be trained even for basic skills. The need for a national curriculum and action to improve the educational standards is a national priority," Sir David said.

Hampshire checks unemployment rise

BY HAZEL DUFFY

ABOUT 16,000 new jobs are thought to have been created in Hampshire and the Isle of Wight last year, but the impact on unemployment was marginal because of the growth in numbers entering the workforce.

Despite this first check on the past tendency for the number of unemployed in the area to rise, the Hampshire Development Association said in its annual report published this week that "the battle for jobs is far from won."

Mr Peter Scruton, director of the association, said: "There is increasing evidence that southern Hampshire has joined the high-profile development corridors, while the north of the county continues to attract strong interest."

But he drew attention to some of the problems ahead because of the growing success of the counties, in particular the failure of the property market to respond fully to increasing demand in certain sectors.

Offices and sites for high technology industry are in good supply. But he warned that job opportunities could be lost if more conventional industrial buildings and land were not made available. The stock of unoccupied modern buildings was approaching levels which may be too low for the workings of the market.

The association said that this fact should not deter it from continuing to promote demand for such accommodation, but it also called on members to encourage institutional financing of additional speculative building.

Promotional activity over the past year centred on the county's competitive commercial costs and close proximity to London and was focused particularly on the south of the county.

The report drew attention, however, to the "fierce competition" faced by the association, which does not receive government funds, with other development organisations.

Post Office to create 10,000 jobs

By David Thomas

THE POST OFFICE is likely to hire an extra 10,000 workers this year to cope with an increase in mail and a planned improvement in services.

Mr Bill Cockburn, Post Office manager director for letters, revealed this as he announced a new senior management structure to oversee a series of initiatives aimed at improving the quality of services.

The Post Office is spending £18m on the initiatives this year—up from the £10m it spent on similar initiatives last year.

It has appointed Dr Peter Rickard, formerly business development manager for Lex Services, a parcel delivery company, as director for the letters network, and has moved Mr Jerry Cope, previously director for industrial relations, to be general manager for delivery services.

The Post Office is also headhunting someone to fill the job of director of quality assurance, who will take charge of a new network of customer care units, designed to deal with customer problems.

Mr Cockburn, speaking on BBC Radio, said: "There could be 10,000 extra jobs in the coming year as a result of the improvements to service and rising volume, and a further 20,000 jobs over the next five years."

This is an increase on a previous plan, announced in December, to hire 28,000 workers, half full-time and half part-time, over the next five years.

The Post Office intends its new top managers to spearhead a drive to improve postal quality. Its initiatives to do so this year include:

● Providing second deliveries to 400,000 extra addresses on the fringe of towns, which means that 90 per cent of homes will now get a second delivery.

● Setting up special teams to monitor the quality of the mail service.

● Developing a computer system to help Post Office management avoid bottlenecks.

Channel tunnel 'may cut traffic'

THE BUILDING of the Channel tunnel rail link could lead to an 11 per cent reduction in heavy lorries on the M25, according to a report commissioned by the environmental pressure group Transport 2000.

The report by consultants Steer Davies and Gleave, to be published in July, suggests savings would include £1m a year from a reduction in accidents.

Lloyds first to fall in post-Big Bang gilts markets

David Lascelles and Alex Nicoll examine a humiliating failure

LLOYDS BANK has bitten the bullet. Its decision to withdraw from making markets in both gilts and Eurobonds is a humiliating moment for the smallest of the UK's Big Four clearing banks.

Mr Brian Pitman, the chief executive, was adamant last night about the reason: "We are doing the best thing for our shareholders."

The retreat means that Lloyds becomes the first casualty in the post-Big Bang gilt-edged market, which many had predicted would be intensively competitive as 27 market-makers scrambled for business previously handled by a small number of jobbers.

Lloyds never made as heavy a commitment to this market as its rivals. It decided against buying a Stock Exchange firm to get ready-made expertise and clients.

Instead, it hired its own team of traders and set out to build a customer base from scratch, using a big advertising campaign featuring its key dealers and analysts. This may have been a cheaper route than buying a business, but it did not pay off.

By this week, Lloyds' share of the market probably amounted to only 2 or 3 per cent, too little to achieve the kind of turnover necessary to survive against extremely aggressive competitors with shares ranging up to 8 or 10 per cent.

In a survey of gilt-edged market makers by the Financial Times last month, Lloyds was the only leading name which said it was not operating profitably.

Although the decision to pull out was only made yesterday, the signs must have been there for some weeks. Another thought in Lloyds' mind would have been the expected entry of the large Japanese securities houses into the market, when the Bank of England re-opens the membership list in October.

Lloyds' withdrawal from the Eurobond market is also a response to intense overcrowding, and it suggests that a much-forecast shake-out of excess market capacity is accelerating in that sector.

As the Eurobond market grew rapidly—a record $183bn were issued last year—new entrants piled into it. Banks like Lloyds, finding that their core lending business was being lost to the securities markets, have increasingly been setting up capital markets operations to compete with the securities firms.

Since last year, the competition has become even more intense, particularly as Japanese securities houses and banks, buoyed by strong investor bases at home, launched an onslaught on the market and have leapt up the league tables of issuing houses.

British banks have consequently found themselves under growing pressure from foreign competition in an sector which they might have considered their own preserve: the Eurosterling bond market.

Lloyds was not a major player in Eurobond trading, but made markets in selected fixed-rate Eurosterling issues as well as ome fixed and floating rate dollar bonds, including those which it lead managed itself.

Its withdrawal from secondary market making means that it will no longer be able to lead manage new issues for its customers.

The retreat from gilts and Eurobonds means Lloyds is now no longer a market maker in any securities in London; it decided against making markets in equities from the start.

Although Lloyds may have made the right decision on profitability grounds, it is alone among the major banks in its inability to act as principal in the securities markets (it will still act on an agency basis).

This could be a handicap at a time when big corporate customers favour securities finance. It also suggests that Lloyds will have to withdraw from the US Treasury bond market, where it has been seeking membership.

Mr Pitman stressed last night, though, that Lloyds constantly reviews the profitability of all its operations; it has a policy of shifting out of those that are not promising into ones that are.

Lloyds never showed as much enthusiasm for securities as the other banks. Its major act last year when competitors were plunging into the Big Bang was to make a takeover bid for Standard Chartered Bank because it wanted to expand conventional banking services.

Yesterday's news probably increases the likelihood that Lloyds will revive that unsuccessful bid when the ceasefire expires next month; it will need new avenues for growth.

Paul Cheeseright on missed deadlines at London's Canary Wharf

Docklands development marks time

PREPARATORY work on the construction of the biggest commercial property development in Europe is nearly complete.

The difficulty with this statement about Canary Wharf on the Isle of Dogs in London Docklands is that it has been true for six months. Since Christmas, deadlines have come and gone. Still the developers and the London Docklands Development Corporation have not signed the master building agreement that would end preparation and start construction.

Now there is another deadline—June 22—for the placing of the contracts for the upgrading and extension of the Docklands Light Railway, one of the main land links between the putative financial centre at Canary Wharf and the City of London.

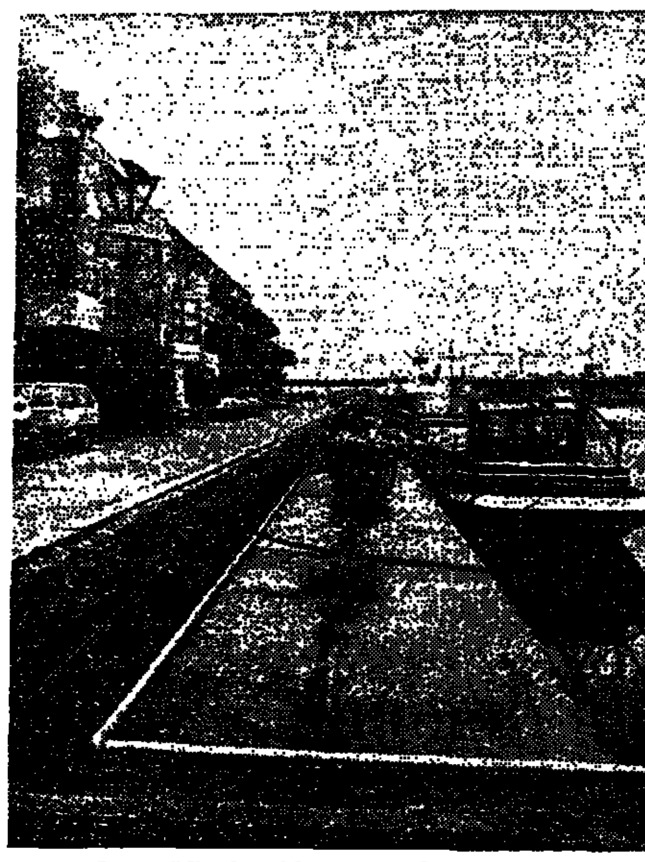
As Mr Cliff Bonnett, the managing director of Docklands Light Railway, said: "No building, no railway. No railway, no building."

There are a number of different strands in the planning and eventual execution of Canary Wharf and a host of players in the development minuet.

The Canary Wharf Development Company has been set up to act for the European and US banks behind the scheme. This company sees the extension of the railway into the heart of the City as indispensable to the scheme.

But the transport people will not go ahead with the railway unless Canary Wharf goes ahead. That it, until both the funding agreement for the railway and the master building agreement are signed.

Everything is interlinked but at the heart of the matter is the master building agreement. It is the contract which sets down the obligations of the players in the development of Canary Wharf. It would cover the provision of the infrastructure on the site and the building of the first phase.



Canary Wharf: waiting for development to start

This phase involves the provision of 5m square feet of office space, shops, public areas and covered car parking at a cost of £1.8bn.

In reaching the point of signing this contract, there have been broadly three levels of negotiations.

● The first involves the sponsors inside Canary Wharf Development. They have to decide not only on their requirements in the buildings, but also how they arrange their financial responsibilities.

● The second and central negotiation is that between Canary Wharf Development and the docklands corporation. It covers the conditions for the development and the title to the land.

● The final negotiation is between the docklands corporation and the Government departments involved—Environment which supervises the corporation, and Transport because of the road and rail links.

What is at issue here is not whether Canary Wharf should go ahead, but how—and there seem to have been three factors in holding up agreement.

The first is that the members of Canary Wharf Development have had difficulty in settling their contributions to the infrastructure work which will cost about £200m.

The second is that Canary Wharf Development would like to see Savills, Richard Ellis and Fletcher King, the letting agents, sign or at least be near to signing more tenants so that there is greater security for its investment. No company, other than the original sponsors, has so far put pen to paper, though negotiations are said to be advanced.

The third is the sheer complexity of the business, bringing the different interests to the starting block simultaneously.

At the moment the locklands corporation and Canary Wharf Development are being vague about the immediate prospects.

"It's our intention to sign as soon as possible," said Mr Jeremy Priestley of the company.

The corporation said: "June 2 is not the be-all and end-all for the Docklands Light Railway or the master building agreement."

The Government has made it clear that work on the extension of the light railway from the edge of the City to the Bank of England and the upgrading of the existing line to carry more people does not start — London Regional Transport cannot sign the contracts — until both the master building agreement and a funding agreement for the railway are signed simultaneously.

The funding agreement is evidently ready and that involves the spending of £95m and a contribution by Canary Wharf Development of £45m.

But it had been expected that all the agreements would be signed by the end of May. When they were not it was decided that the validity of the tenders put in by the contractors, primarily Edmund Nuttall, would be extended to June 22. In the meantime the contractors, without formal contracts, could start preliminary work.

"After that, it would be back to square one," said Mr Bonnett.

That is, unless there are further extensions of the informal agreements existing with the light railway contractors.

THE CANARY WHARF DEVELOPMENT CONSORTIUM

Credit Suisse First Boston
Morgan Stanley International
First Boston International
Travelstead Group
Their company: Canary Wharf Development Company

THE CONSTRUCTION CONSORTIUM

Construction manager: Bechtel
Contractors: Taylor Woodrow
Costain
Laing
John Mowlem
Sir Robert McAlpine
Their joint venture company: Canary Wharf Contractors

Managers in NHS plan to set up union

By David Brindle, Labour Correspondent

GENERAL managers in the National Health Service plan to set up their own union in what would be a direct challenge to the Government's belief that they should be personally accountable and individually remunerated.

Many managers, particularly those with long NHS careers behind them, are said to feel vulnerable and to want the strength of collective organsation behind them.

A meeting of regional and district managers has voted in principle in favour of setting-up a representative association, although unit managers have yet to commit themselves. A working group is investigating options and studying possible models such as the First Division Association of senior civil servants.

More than 800 managers have been appointed in the NHS since general management was introduced three years ago to sharpen decision-making.

In a complete break with NHS practice, the managers are employed on short-term rolling contracts at salaries ranging from about £16,000 to £35,150—future increases being determined entirely according to individual performance. Several have already had their contracts terminated.

It is this insecurity, relative to the NHS traditions of security of tenure, incremental salary progression and Whitley Council negotiation, that lies behind the union move.

Dr Enid Vincent, who chairs the health authority managers' group within the Institute of Health Service Management, said yesterday: "It is an uncomfortable position, especially for people who have worked all their lives in the health service.

"There is a strong feeling that we should have an association where we group together on pay and conditions of service. The IHSM is a professional body and doesn't have that sort of role."

A questionnaire sent to regional and district managers produced a response rate of about 50 per cent and a majority of almost 80 per cent in favour of forming a union for negotiating purposes. However, any union created is unlikely to be TUC-affiliated.

Dr Vincent, district manager at Wandsworth, South London, said she envisaged an organisation more akin to doctors' British Medical Association.

Even this is unlikely to be popular with the Government. Ministers regard the individualism of the general manager tier as an historic break from the corporatism which, they believe, has dogged and weakened the NHS.

GMBU admits strike-free deal signed in South Wales

BY CHARLES LEADBEATER, LABOUR STAFF

THE GENERAL Municipal and Boilermakers Union, which has voiced strong opposition to the growth of strike-free agreements, yesterday admitted that its white-collar section had signed what amounts to a strike-free deal at a South Wales factory.

The admission may undermine efforts of Mr John Edmonds, the GMBU's general secretary, to win other unions' agreement to a TUC code of practice to regulate inter-union competition over recognition rights. Mr Edmonds said in February that he believed these "beauty contests" were weakening unions because they gave companies power to push for strike-free agreements.

The union said yesterday that it was still considering putting a motion to this year's TUC, which would aim to set up a model procedure for resolving inter-union disputes, and ensure that agreements preserved employees' rights to take industrial action.

However, Mr Edmonds' opponents are certain to use against him the revelation that Matsa, the GMBU's white-collar section, has signed what amounts to a strike-free deal for a Pirelli cable factory being built at Aberdare, South Wales. Matsa clinched the deal after seeing off competition from the EETPU, the electricians union, which has signed strike-free agreements at several South Wales plants.

Neither the company nor Matsa revealed details of the agreement after it was signed last month. However, Mr David Plant, the national industrial officer for Matsa, yesterday said: "It does constitute a no-strike deal. The final stage of the disputs procedure, whatever the issue, is final binding arbitration."

Mr Plant said that while the agreement does not mention industrial action, it was "taken as read" that there would be no industrial action while disputes were being processed through the conciliation machinery. He said the arbitration would be of a traditional kind rather than pendulum arbitration, under which the arbitrator supports one side's case rather than attempting to find a middle way.

Mr Plant said the agreement was more stringent than the deal the union recently made with BICC Cables on Merseyside, which allows industrial action as an option, as arbitration can only be triggered through agreement.

Bank aims to reduce Bifu representation

BY JOHN GAPPER, LABOUR STAFF

MIDLAND MONTAGU, the investment banking division of Midland Bank, is offering 600 of its staff new contracts which would take away the right of the Banking, Insurance and Finance Union to represent them.

The move has provoked fresh controversy between Bifu and Midland Montagu. The bank has already said that it will consider granting the union overall collective bargaining rights only if it recruits 30 per cent of the 2,100 staff.

The transfer of contracts from July 1 is being offered by Midland Montagu to staff employed in Midland's Group Treasury section before the new division was formed from a merger with Greenwells and Samuel Montagu last year.

Until now, Miland Montagu has allowed these staff to remain employees of Midland plc and be represented by Bifu if they were members. Those who accept new contracts transferring their employment to Midland Montagu will lose that right.

Bifu has sent a leaflet to the staff arguing that individuals who accept the transfer will lose union representation, an annual 2.5 per cent bonus, future increases to London allowance, overtime pay, and three or four days of their annual holiday.

The union claims that it has 200 members within Midland Montagu, all formerly in the Group Treasury. It fears that those who transfer will no longer see tthe need to be in a union at a time when it is trying to recruit sufficient numbers to trigger negotiations on recognition.

Midland Montau is seen as a crucial battleground by the union, which has so far failed to recruit significant numbers in the investment arms of the leading clearing banks following the Big Bang deregulation of the City.

Tractor staff vote over action

By Our Labour Correspondent

MANUAL WORKERS at the Massey Ferguson tractor plant in Coventry are balloting on a strike call after the company issued more than 400 compulsory redundancy notices.

The redundancies represent almost half the 840 manual job cuts announced by Massey in April, in addition to some 200 white-collar job losses. The company has not previously made compulsory redundancies among manual grades at the plant.

The strike ballot, to be completed next week, follows a half-day walkout by the 2,000 manual workers on Thursday after the redundancy notices were issued.

Massey said yesterday that it had been forced to issue the notices because insufficient volunteers had come forward for redundancy. The main reason for the job cuts is the continuing slump in world demand for farm machinery.

Private secretary to PM resigns

By Peter Riddell, Political Editor

Mrs Margaret Thatcher is to have a new parliamentary private secretary, to act as her eyes and ears among MPs at Westminster.

Mr Michael Alison, who has held the post since 1983, has resigned on his appointment as Second Church Estates Commissioner who handles and answers for Church of England matters in the Commons. A vacancy had arisen following the retirement from the House of Sir William van Straubenzee.

Mr Alison, a former Northern Ireland and Employment Minister, is a well-liked but low-profile figure, with a close involvement in Church of England matters.

His successor will be announced shortly. One possibility might be Mr Richard Ryder, currently a Tory whip, who served as Mrs Thatcher's political secretary in the late 1970s and early 1980s.

The post, which carries no additional salary beyond what every backbencher receives, can be an important and influential one.

The PPS acts as an informal channel of communication between the Prime Minister and other Tory MPs, separate from the whips office.

In the 1979-83 parliament the post was held by Mr Ian Gow, who was heavily involved in behind-the-scenes manoeuvring, particularly over Irish issues in discussion with the Ulster Unionists, much to the annoyance of Mr James Prior, the then Northern Ireland Secretary.

Reliant sells off manufacturing rights to Scimitar sports car

BY JOHN GRIFFITHS

RELIANT MOTOR has sold the manufacturing rights of its Scimitar GTE sporting estate car, once a favourite of Princess Anne, the Princess Royal, but no longer produced, to a Milton Keynes-based engineering company owned by two Japanese businessmen.

Reliant has also registered a subsidiary, Scimitar Motor Company, through which it hopes to find a partner to salvage the fortunes of its new Scimitar small sports car, which has fallen far short of sales targets.

Reliant, based in Tamworth, Staffordshire, is prepared to sell the subsidiary outright to a buyer willing to launch the small sports cars in the US—a move which the company says is vital to the car's future but which it cannot afford alone.

Middlebridge Engineering is to pay Reliant £400,000 for the rights to the GTE, a convertible variant, the GTC and the equipment to build them. It hopes to have cars on sale by the end of the year and plans to produce 500 a year within three years.

It is part of Middlebridge Group, set up about six months ago on behalf of Mr Kohji Nakauchi, a Japanese entrepreneur with property and printing interests in Japan, and a colleague, Mr Masatoshi Ohashi.

Both Mr Dennis Nursery, managing director, and Mr Robin Hamilton, Middlebridge Engineering managing director, have been closely associated with Aston Martin—Mr Nursery as liaison with Aston's Japanese distributors.

Mr Hamilton said the group, which employs 40 people, intends to produce a variety of vehicles exemplifying "traditional British craftsmanship," eventually including a new two-seater sports car.

A subsidiary, Middlesbridge Scimitar, is being set up to produce the cars, with Mr Hamilton as chairman. Production of the GHE/GTC cars ended in March last year, but in 1985, the last full year of production, 32 were built.

Disposal of the whole Scimitar range could leave Reliant producing under its own name only the Rialto three-wheeler, the backbone of Reliant's vehicle business

Mr Ritchie Spencer, Reliant's former managing director who left the company this spring, had forecast production of 2,000 Scimitars this year, but Mr Mike Bennett, marketing director, said yesterday 10 a week were being built. Only 86 have been sold in the UK so far this year.

The car has been widely praised for performance and handling, but criticised for styling. Mr Bennett said two chassis had been sold to "companies doing styling work," but rejected any possibility of commercial chassis supplies to outside bodybuilders.

Japanese win order from Ford

BY NICK GARNETT

FORD NEW HOLLAND, the agricultural equipment division of the Ford motor company, is to buy transmissions from Kubota of Japan for some of the tractors it makes at its plant in Basildon, Essex.

The deal will involve Kubota supplying Basildon, from the middle of next year, with 20,000 synchromesh gearboxes annually for Ford's 40 to 70 hp three-cylinder tractors. These transmissions are currently supplied by Ford's components plant at Antwerp, Belgium.

Ford said yesterday that as the volume of synchromesh gearboxes for these tractor models was relatively small, it had decided to outsource much of the design and development work and the production of a new transmission.

Kubota, whose products include very small tractors, had offered Ford the best deal, but Ford would participate in the design and development work.

The company said this did not affect Antwerp's position within its supply network. Antwerp would continue to supply non-synchoromesh transmissions for Basildon-made three-cylinder tractors and transmissions for four- and six-cylinder models.

Ford outsources some components for tractors, including the drive axles for four-wheel drive models. However, this is the first time it has used a Japanese company for supplying such a large component.

Some of the world's biggest manufacturers of agricultural machinery have been outsourcing an increasing number of components in a trend to cut costs.

Law gives 'little help on cash pay'

By Our Labour Correspondent

INTRODUCTION of the Wages Act 1986 has only "marginally" assisted employers wishing to transfer their workforces to cashless pay, according to the Institute of Personnel Management.

The IPM says in a booklet to be published next week that employers are still likely to have to offer generous financial incentives to persuade workers to give up their right to be paid in cash.

Incentives offered in case studies outlined in the booklet include lump-sum payments of £75, interest-free loans of up to £500 and improved sickness payments. Even with such inducements, however, one employer is said to have faced legal threats from unions defending the right of individuals to continue to receive cash.

The 1986 act repealed the Truck Acts. This removed the statutory obligation on employers to pay manual workers in cash, but it did not affect the employee's right to receive cash according to common law and according to his or her employment contract.

The IPM booklet says only employers "blessed with second sight" will have made specific provision in employment contracts for payment by credit transfer in the absence of statutory regulation. Others will have to get their workers' agreement to change, and financial incentives seem to be their best bet.

While sometimes costly, incentives can be economic in the long term; in one case cited, the employer estimated the cost of monthly credit transfer was £25 a year for each employee, compared with £125 for weekly cash wages.

But the booklet concludes: "While it seems inevitable that eventually all employees will be paid by credit transfer, it seems likely that it will take much longer than most employers might have wished for this to happen."

Cashless Pay and Deductions. IPM, IPM House, Camp Rd, London SW19 4UK. £7.50 (£6 IPM members) plus 40p p&p.

ECONOMIC DIARY

TODAY: Mr Neil Kinnock, Labour Party leader, and Mr Arthur Scargill, NUM president, attend Yorkshire miners' gala, Barnsley.

TOMORROW: Mr Caspar Weinberger, US Defence Secretary, starts visit to Australia (until June 23).

MONDAY: First quarter provisional figures of gross domestic product. CBI monthly trends enquiry for June. EC Foreign Ministers start two-day meeting in Luxembourg to make final preparations for European summit. Union of Democratic Mineworkers annual conference opens, Weymouth (until June 24). Confederation of Shipbuilding and Engineering Union's conference opens, Llandudno (until June 25). GMBATU annual conference opens, London (until June 25). Report on the safety of nuclear installations published. British Airports Authority path finder prospectus published.

TUESDAY: Cyclical indicators for the UK economy (May). Manufacturers' and distributors' stocks (first quarter-revised). Civil service unions consider further moves in pay dispute. United Nations economic and social council meeting, Geneva.

WEDNESDAY: New construction orders in April. EC Transport Ministers start two-day meeting in Luxembourg on new air fares structure. TUC general council meets.

THURSDAY: April energy trends. New vehicle registrations in May. Civil Servants begin two-day strike in London and south of England. OPEC meeting, Vienna. EC standing committee on employment meets in Brussels. Mr Willy de Clercq, EC external relations commissioner, addresses European Business Institute in London on relations with US and Japan.

FRIDAY: Prince Charles presents rural employment award at Highgrove House.

Thames TV to buy Matsushita video equipment

By David Thomas

MATSUSHITA, the Japanese electronics group, has won a breakthrough order with the sale of a "next generation" video recording system to Thames Television, the largest independent television company in the UK.

Thames is the first television company in Britain to order the new ½-inch M2 videotape format for its recording activities.

The deal should be worth between £8m and £10m to Matsushita over four to five years. The system covers video recording both in the studio and outside.

Matsushita has so far sold the system only in Japan and the US. Sony has been dominant in supplying British television companies with the previous generation of video recording equipment.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday June 20 1987

Tale of a TV set maker

NO DOUBT sentiment should have no place in the calculations of businessmen, or of business commentators, but it is hard not to feel some sadness at the news that Ferguson, the largest UK TV set maker and a jewel in the empire built by the late Sir Jules Thorn, is to be sold to Thomson of France. It comes a few months after control of Leyland Trucks, which had been one of Britain's most successful exporters, passed to Daf of Holland. The fact that the buyer of Ferguson is state-owned and has long been supported by successive French governments as a national champion in electronics will revive the debate about Britain's hands-off policy towards its leading manufacturing concerns.

The fact that the seller, Thorn EMI, is retaining its large TV rental and retail interests will revive anxiety about an over-rapid shift from manufacturing to services

Companies, of course, have to adapt. The dismantling of parts of Sir Jules Thorn's legacy (the domestic appliance side was sold recently to Electrolux of Sweden) does not mean Thorn will not have a successful future in what it now regards as its core activities, where it thinks it can be competitive on an international scale. Nevertheless, the Ferguson story sheds some light on the post-war performance of British industry.

Domestic demand

At one level the Thorn-Thomson deal is precisely the kind of transaction which a more open European market should be encouraging. The search for economies of scale, the absorption of marginal producers by their larger rivals—this process is taking place in several industries and the result should be good for the consumer and the economy. The fact that in this particular case the British side is playing a subordinate role is not necessarily a cause for anguish. After all, the German consumer electronics industry went through a far worse crisis than its British counterpart a few years ago; the near-collapse of Grundig, created by another legendary entrepreneur and now controlled by Philips, was more traumatic than what is now happening at Thorn. But it seems legitimate to raise the question, however hypothetical, of whether if they had played their cards differently, the British—rather than the Dutch or the French—could have been the leaders in the European TV business.

Perhaps the damage was done in the 1950s and 1960s, when the industry was in its formative stage. Domestic demand was subject to violent fluctuations, in response to credit squeezes and the imposition or removal of hire purchase restrictions. For the manufacturers it was a matter of coping with a succession of crises, rather than using a stable home market as the basis for exports. Their problems were compounded by poor government decisions over technical standards and over the introduction of colour broadcasting. Finally, the sudden removal of all credit restrictions coincided with a period when the industry was short of stock, thus giving the Japanese their chance. At that time the Japanese had no overwhelming edge in cost or technical performance (except perhaps in the quality of their component supplies), but, once established, they proved impossible to dislodge.

Thorn was the strongest survivor among the British companies, enjoying the largest volume and a highly profitable captive outlet in its rental shops. But the company made little attempt to promote Ferguson as a global brand. Like so many other British companies, Thorn failed to establish itself firmly in Continental Europe. The obstacles to doing so were formidable, as was illustrated in 1979 when Thorn was blocked by the French authorities on purely nationalistic grounds in its attempt to acquire one of France's leading TV rental chains.

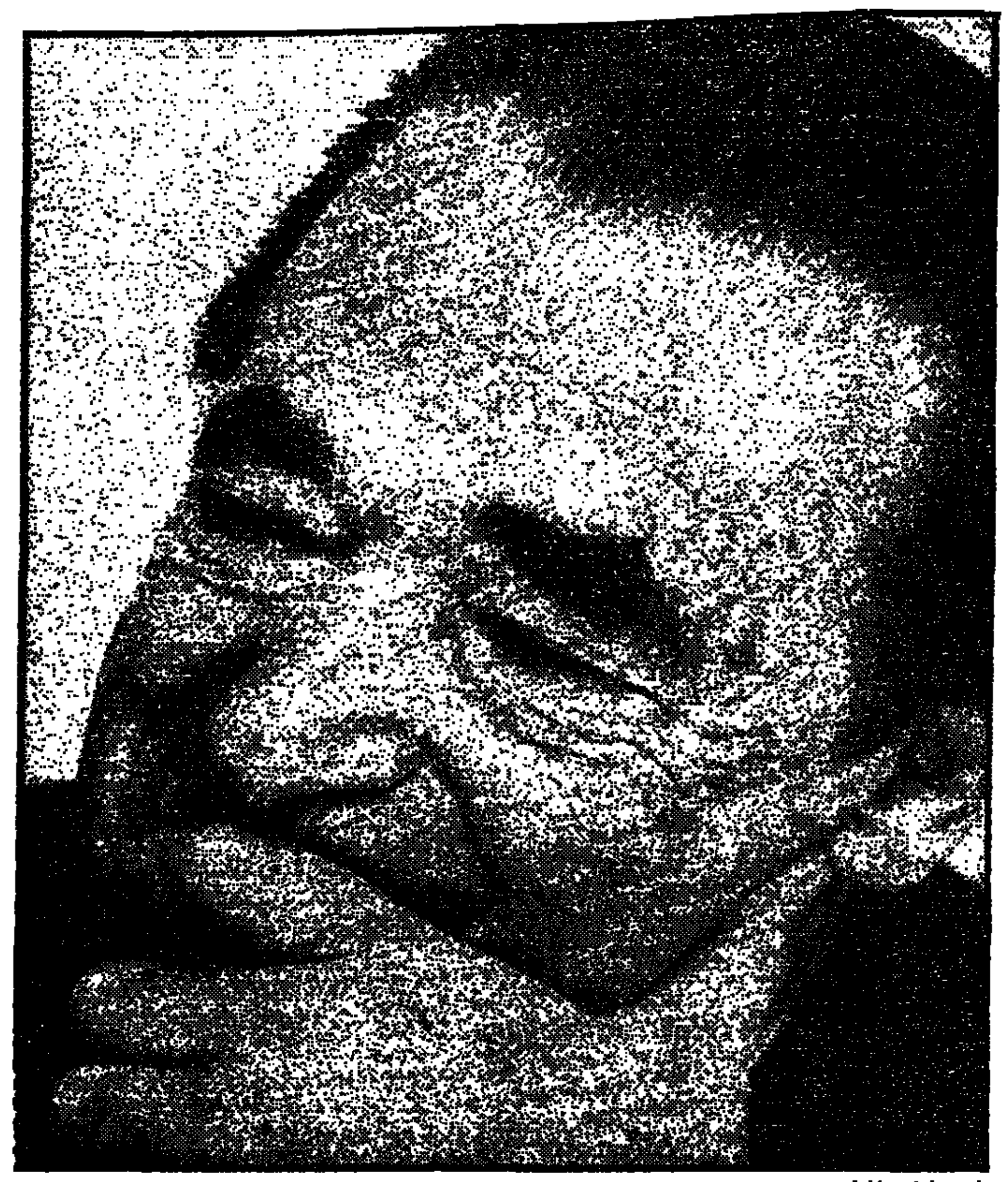
So was Thorn right to sell out, and will Thomson make a success of building market share by acquisition throughout Europe? Thorn insists that it is too late to pursue global ambitions in TV sets and that it cannot realistically expect to match the economies of scale of the leading companies in what will remain a fiercely competitive, low-margin business. As for Thomson, the task of integrating different brands, factories and sales networks is a daunting one, and the ultimate reward is uncertain. But, like Philips, it now sees TV sets and related products as part of its overall plans for electronics, including its important stake in semiconductors. It is evidently prepared to be patient.

It is just possible that some British companies are too quick to "de-merge" (just as the fashion for mergers went too far) and to conclude that unless they can be number one or two in an industry they should opt out of it. But the principle which Thorn is following—of concentrating on the things which it does best and of looking at its businesses in a global context—is surely right; it is part of a healthy restructuring process now taking place throughout British industry. The hope must be that British companies will strike the right balance between prudence and ambition and that at the end of the restructuring process more world leaders will have emerged.

Robert Maxwell

The man who has to have a target

By Raymond Snoddy



Ashley Ashwood

ROBERT MAXWELL knows precisely the weight of his own publicity. When his wife put last year's Maxwell newspaper and magazine cuttings from all over the world on the scales they weighed in at *60 lb*.

As Mr Maxwell makes nebulous promises to resume battle for the control of Harcourt Brace Javanovich, the US publisher, and raises eyebrows in the City of London over Tuesday's £630m rights issue, this year's cuttings pile is unlikely to be any lighter.

Yet to many people Maxwell, the name that has launched a million quotes, is as mysterious as ever.

It is as if all the publicity obscures rather than reveals and provides a screen behind which the real drama takes shape. Maxwell is also a man who evokes strong reactions, as was well illustrated at Wednesday's annual general meeting of the British Printing and Communication Corporation, his main corporate vehicle. It is this company which Maxwell says will double its turnover to £1bn this year and increase it again to between £3bn and £5bn by 1990.

One speaker expressed scepticism about this growth in sales being matched by growth in profitability.

Another, a printer made redundant by Mr Maxwell but who had invested his redundancy money in BPCC, s?id he was well pleased with the result.

But the star turn came from the slight, bespectacled figure of Mr Henry Poole, partner in Alexander Laing Cruickshank, the stockbroker handling the rights issue.

With a flourish that would have done justice to Mr Maxwell himself, Mr Poole set aside a formal vote of thanks script and announced his intention to "speak from the heart."

There was, Mr Poole said, "a wall of prejudice" in the City against Mr Maxwell which went back 12 years—a reference to the notorious judgment of *Department of Industry* inspectors that he was not fit to run a public company.

"In three, or four or five years all those people who say they will not back BPCC will have to explain to their trustees or shareholders whether they are fit and proper persons to run a public company," Mr Poole said.

In the event, Mr Poole's confidence was rewarded. The 14 institutions which took up more than £200m of the rights issue included the famously cautious Pearl Assurance and Kleinwort Benson's Save and Prosper fund.

"I am almost in danger of joining the establishment," Mr Maxwell chuckled on his way back from a flying visit to Paris.

The peer group Maxwell is more interested in joining is, in reality, more select. He aims to match and then overtake Mr Rupert Murdoch whose publishing, films and television empire has long been seen as a model for Mr Maxwell.

"It's not where you are today that matters, it's where we will be and where he will be in 1990. By 1990 we shall be way ahead of him." Mr Maxwell has been predicting for the past few months.

The former Labour member of Parliament has never wavered in his belief in the sustained growth of the information industries or that the future lies with multi-media players big enough to operate on a world scale.

All has not gone smoothly in *pursuit of this vision*. Maxwell has lost money on his UK cable TV network and had to call in Viacom from the US to help manage and market the system better. The subscription film channel, Premiere, in which Maxwell is the managing partner, is also a loss-maker. Despite this, his interest in the new media seems undimmed and a new satellite pop music channel, MTV Europe—a joint venture with MTV and British Telecom—was launched last August.

Earlier this year a consortium which included Maxwell also won 50 per cent of the recently privatised French first television channel TF1

At the same time, the decline in circulation at Mirror Group Newspapers has been reversed. MGN is in profit and will probably be floated next year, although Maxwell's new 24-hour London Daily News is selling less than half the 500,000 circulation.

"You need a deep pocket to *break a monopoly*," Mr Maxwell says of the battle with the London Standard. "I'll give it two or three years."

At the age of 64 with more money than any man could ever spend, Maxwell keeps up a ferocious working pace because, he says, he "dislikes being idle." He sets targets "because that is how I work best."

But he is a long way from *the £3bn-£5bn turnover target*. He says he has a long list of companies suitable for acquisition and a staff of 20 in London researching prospects.

Although Mr Derek Terrington, publishing analyst of stockbrokers Philips & Drew, concedes both the charm of the man and the strategy, he has yet to be convinced.

"BPCC stock will be judged *on performance, not potential*. Maxwell is a recovery artist, but whether he is an international publisher remains open to question."

Maxwell insists he will meet his 1990 target ahead of schedule.

Armed and provisioned for an American battle

MR MAXWELL is the answer to an American investment banker's prayer. Last autumn, the UK publisher announced two modest business goals for 1987. He said that he would be the second largest printer in the US by the end of this year and he would pick up a $2bn-$3bn US communications company on the way.

At the half-way mark, Mr Maxwell is on course to keep his word. He now owns 12 printing plants scattered about the US which generate some $500m in sales from turning out magazines or newspaper pre-prints. And if the big publishing acquisition has eluded him, it is not for lack of trying or investment bankers.

"He has been very consistent," says Mr Robert Pirie, chief executive of Rothschild in New York, who devised Mr Maxwell's near-$2bn bid for Harcourt Brace Jovanovich. "People did not believe him at the time. I think they do now."

Maxwell Communication, as the US operation is known, no longer operates out of hotel rooms at the Waldorf Towers on New York's Park Avenue but from permanent headquarters in suburban Greenwich, Connecticut, a locale more suited to its new and rather humbrum business.

These comprise Webb, a St Paul, Minnesota, printer and publisher of agricultural magazines bought last November for $117m; Providence Gravure, the commercial printing subsidiary of the Providence Journal picked up the same month for $152m; and the printing subsidiary of Parade, the largest US Sunday magazine insert with a circulation of 31m, bought for around $400m last month along with a right to print the magazine. In addition, Mr Maxwell formed a joint venture with Quebecor of Canada last year to buy half of Donohue, a Montreal newsprint manufacturer for C$320m.

This is still small stuff against the giant R. R. Donnelley, the Chicago-based printer with revenues of almost $3bn, but it does place Mr Maxwell's US printing operations in the top five, according to Mr James Sullivan, the respected manager Mr Maxwell poached from Donnelley last autumn to run Maxwell Communication.

But Mr Maxwell has been outbid in at least three of the takeover deals that are reshaping New York's book publishing industry, as overseas companies use strong currencies to break into the world's largest publishing market. Mr Maxwell lost Doubleday to Bertelsmann of West Germany and Harper & Row to his arch-rival, Mr Rupert Murdoch. Harcourt Brace rejected an almost $2bn offer and has won Wall Street round to a highly leveraged recapitalisation plan—although Mr Maxwell is still suing to block the plan. In addition, a last-minute $61m offer last July for Scientific American, the venerable science monthly, was disqualified because the magazine's owners had promised it to Georg von Holtzbrinck of West Germany.

Having watched Mr Murdoch build up a spectacular US publishing and broadcasting business, Wall Street has become less insular in its assessment of foreign investors in the US media industry. Crude attempts by Mr William Jovanovich, the embattled chief executive of Harcourt Brace, to revive the Leasco scandal fell as flat as his snide references to Mr Maxwell's Czech origins and professed socialism. But Wall Street is a little flummoxed by the timing of Mr Maxwell's big push into the US and the bravado with which he has signalled his aggressive intentions.

With magazine advertising weak and considerable excess capacity in printing, some analysts believe that Mr Maxwell is paying dearly for his foothold in the printing industry. "It's a curious move coming in now," says Mr Kevin Gruneich, an analyst at First Boston.

Other brokers say that Mr Maxwell overpaid for Webb, a publicly-quoted company. Earnings from such magazines as Beef or American Hog Farmer have been depressed by the weakness of the agricultural economy and it is "not very well positioned in its printing business," says Mr Jim Ruf, who used to follow the company for Wertheim in New York. Webb has had to spend heavily on its capital account to secure outside printing contracts from the likes of TV Guide. Providence Gravure is growing fast and is also hungry for capital, according to Mr Michael Metcalf, chief executive of the Providence Journal.

In addition, Mr Maxwell's trumpeted interest in a major publisher has added to rip-roaring takeover speculation. Among the companies fancied as potential targets, Macmillan stock is up 40 per cent so far this year, Houghton Mifflin has risen 20 per cent and John Wiley is up 15 per cent. In contrast, sterling has appreciated against the dollar by under 15 per cent.

While stock salesmen and arbitrageurs (professional takeover speculators) do not doubt Mr Maxwell's serious intentions, some believe that his show of continued interest in Harcourt Brace was designed to prod reluctant UK investors to stump up for last week's rights issue. With the rights taken up, he can move at leisure if the dollar declines further or if Harcourt Brace's load of debt becomes intolerable. "He's got his war chest now," said one analyst.

James Buchan

Man in the News

Martin Sorrell

English upstart on Madison Avenue

By Christian Tyler and Feona McEwan

FOR A man who describes himself as "quite boring," Martin Sorrell has done rather well.

Two years ago he and a partner bought a company in Kent that makes supermarket trolleys and shopping baskets. Yesterday he was in New York negotiating his £316m offer to buy J. Walter Thompson, the fourth largest advertising agency in the world.

What Mr Sorrell means is that apart from his wife Sandy and their three boys, he has few interests in life—and they can be summarised as work, work and more work.

"I find what I do reasonably enjoyable," he said yesterday. "No . . . that's just a bit of an understatement. It means I am really enjoying it a lot."

The point of all this work is to create a multinational marketing services company that will sell its clients everything from advertising to "below the line" activities like sales promotion, design, packaging and public relations.

Mr Sorrell's speciality is applying financial sophistication to other men's professional skills. He says the creative side of advertising is still the most important, but his financial emphasis is what makes it grow.

Acquiring JWT, the most famous name in advertising, would cap a career in which understatement has been signally lacking. *Martin Sorrell* has dazzled City analysts and led his admirers to credit him with financial genius. In 10 months after his arrival at the Kent trolley maker, the shares of his WPP Group have risen from 44p to £10⅞.

"He is the Karpov of the financial community," says Mr Neil Blackley, of stockbrokers James Capel. "He sees at least six moves ahead. What sets him apart is his combination of financial and strategic acumen." Mr Sorrell's single-minded attention to detail is becoming legendary. One colleague describes how he sat quietly through a board meeting while everyone made their pitch. When they finished, he stood up, said their figures were not up to scratch and sent them away to do their sums again.

"He mixes intellectual arguments with statistical arguments. He treats everybody as equals, is never patronising, though often curt—which might be due to time pressure. In my opinion he is very charismatic."

Another admirer describes him as a slave driver, who requires his colleagues to be available 24 hours a day. "He would drive you well into the ground—but he would pay you well for doing so."

Mr Sorrell is a small and dapper man *with the sleek look* of the multimillionaire he has become. He is driven to work early at his Loncoln's Inn office in a BMW. He has the reputation of not being a very good driver himself.

He tempers financial ruthlessness with considerable charm and what one acquaintance calls an impish sense of humour and a laugh like a hyena. Extrovert and bright, but not intellectual, he has used his command of their language to impress the analysts who have backed his spate of acquisitions.

He also knows how to woo businessmen. The chairman of a company recently taken over by *WPP said: "He really does turn* people on—there is already tremendous loyalty to him.

"I remember a crucial Board meeting where the majority were unenthusiastic about being taken over. Martin was extremely calm and considered. He spoke with great clarity and confidence. He didn't persuade or plead and he ended up by winning them all round."

Statistical precision and strategic vision are harnessed to an ambition which those who have come up against him in business say is "incredible." They believe he may be trying to emulate if not outstrip the achievements of his former *employers—Mark McCormack*, the sports promotion wizard, James Gulliver of the Argyll Group and the Saatchi brothers, Maurice and Charles, who took him on as their financial director. Mr Sorrell hasn't much time to read books, but his latest is "Tycoon," the story of Sir James Goldsmith's career.

Still in his early forties, Mr Sorrell is the only son of North London Jewish parents. His father ran a successful electrical retailers called J. M. Stone, and it was a friend of his father's who urged him to go to Harvard Business School.

Which, after Mill Hill and Cambridge University to read economics, is what he did. He returned to England as a London manager for Mark McCormack's enterprise, later joining James Gulliver as a personal assistant where, it is said, he created considerable enmity among the other staff.

He was spotted by the Saatchi brothers and in 1977 recruited as chief engineer of their acquisition programme. He is credited with having provided much of Saatchi's financial stability at a time of great movement.

The break with Saatchi's was difficult. Mr Sorrell says they didn't want him to go, but he was determined to branch out on his own.

Some people scoffed when they heard what he and his partner Mr Preston Rabl planned to do with the trolley manufacturer in Kent. They didn't scoff for long.

Today, his friends give Mr Sorrell an even chance of pulling off the JWT purchase. But one American observer of the marketing scene says Madison Avenue may not be too happy about the arrival of this English upstart. The grand old lady of advertising is much revered in the US. In London it is called the "university of advertising."

After Saatchi's troubled acquisition of Ted Bates last year the advertising industry would scarcely welcome another empire-building Englishman on the scene. But Martin Sorrell's reputation has run before him, *and whatever else they may say* about him, no one is laughing this time.

Elections in Britain and Italy have damaged the left. **Peter Riddell** looks at Labour and (below) **John Wyles** at Italy's Communists

Must Labour Lose?—the sequel

MUST LABOUR lose? The question is not new. After the Conservatives' third successive election victory in 1959, also with a majority of around 100, a widely discussed book with that title appeared during a Labour inquest which has intriguing parallels with the present.

The issue then, as now, is whether affluence and widening ownership are creating a permanent Conservative majority.

The first analyses of this year's election show that Labour's position is worse than in 1959, but that the Tories are not invulnerable. Social changes, particularly the decline in the proportion of manual workers in the electorate from a half to less than a third over the period, have undermined Labour's support. Yet the key to the Tories' electoral success is prosperity, and that is, by definition, fragile.

In 1959 Labour's defeat led to considerable public soul-searching. In a 1960 pamphlet "Can Labour Win?" the late Anthony Crosland warned: "If the necessary changes are not made, the Labour vote will probably decline, unless some *sudden crisis supervenes*, by about 2 per cent at each election."

Mr Crosland's pessimism proved premature. Only five years later Labour scraped in by four seats, providing the springboard for a landslide victory in 1966.

There are, *of course*, big differences with 1959. Yet memories of that turnround between 1959 and 1964 influence the two views now being taken within the Labour Party.

Optimists argue that there is no reason to panic or change policy. Labour, it is pointed out, after a widely-praised campaign improved its share of the vote by about three points to 32 per cent. The Tories' vulnerability lies not only in the temporary nature of economic improvement, but also because their education and rates reform proposals may prove unpopular.

On this view, the split in the opposition parties' support, which has twice allowed the Tories to win with only about 43 per cent of the vote, may work in Labour's favour in future. The optimists say the *anti-Tory vote will now switch* behind a Labour Party now clearly established as the main opposition party.

The contrary view is that Labour's prospects of power on its own remain poor. In 1959, Labour, with a higher share as a loser than Mrs Thatcher's winning level on June 11, was six points behind the Tories, but the party is now 11 points behind.

The pessimists note that even in adverse circumstances the Alliance's share was still 23 per cent, and it remains the ..... alternative to the Tories in the south. Given the steady decline in the size of the working class, Labour will constantly have to battle against adverse social trends.

The psephologists' analysis of the opinion surveys undertaken on June 11 tends towards the latter view. Using the 4,900 Gallup sample for the BBC, Professor Ivor Crewe of Essex University has highlighted differences in political allegiance, as reflected in the accompanying graphs.

He identifies two groups: a growing, and on balance pro-Tory, new working class living in the south, owning their own homes, not belonging to a union and working in the private sector, and the declining pro-Labour, traditional working-class living in Scotland and the north, remaining council tenants and union members and working in the public sector.

Writing in the Guardian earlier this week, Professor Crewe concluded, "Government policies are producing a steady expansion of the new working class, and diminution of the old. Council house sales, privatisation, the decline of manufacturing industry and the steady population drift to the south have re-structured the working-class. Demography and time are not on Labour's side."

However, Mr John Curtice of Liverpool University has argued that there is no evidence of a consistent trend towards the Tories among the more affluent working-class who have bought their homes or shares. What matters more is the shrinkage in size of the working class. Writing in New Society, he concludes that "in the absence of an ability to carve out a new electoral base for itself, social change is making its prospects of winning office even more remote."

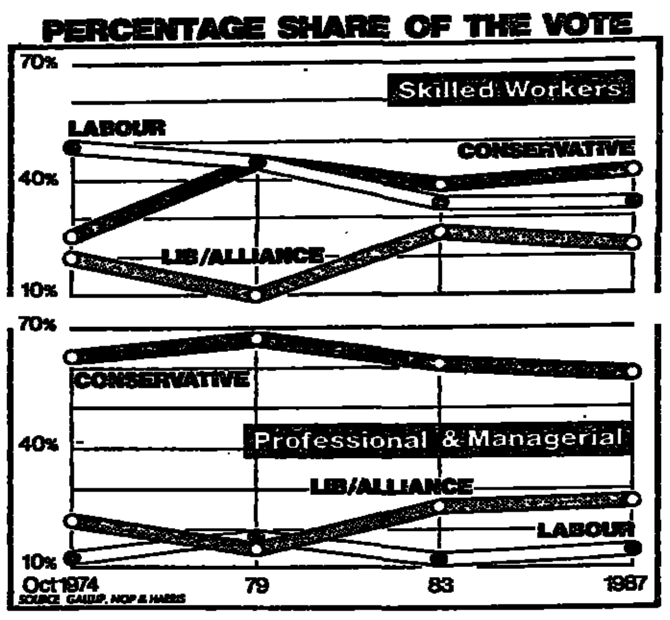
Mr Curtice argues that such social influences can be counteracted by short-term expectations about the economy. These helped the Tories on June 11 in spite of worries over the standard of public services. Nevertheless, he maintains that, "in the absence of a radical change in the party structure, future British elections are most likely to be about whether we have a majority Conservative Government or a hung parliament."

This analysis explains why some prominent Labour sympathisers, writing in, for example, the New Statesman, are already talking about the need for a reappraisal of the unilateralist nuclear defence policy, which clearly limited the party's appeal. There is also talk of opening discussions with the Alliance (especially if Dr David Owen is no longer a leading figure) about, at minimum, co-operation in opposing the Government and, at maximum, more formal understandings leading to proportional representation.

Even the mainstream left-wing weekly Tribune yesterday had an editorial referring to the possibility of a "fruitful dialogue" with the Liberals, "once the SDP has disappeared," while stressing that this does not imply electoral pacts or even tactical voting.

Mr Neil Kinnock, the Labour leader, is understandably cautious at present. He is fully aware of the difficulties of broadening the party's appeal in face of the continued existence of a vocal hard-left, which now has a stronger position in the Commons. Achieving constitutional change to weaken the hard-left and involve more ordinary Labour members and supporters will also be hard in face of trade union scepticism and hard-left hostility.

Moreover, while the Alliance, and especially the SDP, face serious difficulties, it may be much too early for obituaries. And their former supporters in the south may not all switch to Labour.



If this outlook is comforting for the Tories, there is no assurance of a fourth term. The party has been losing support among professional people and among public sector employees, predominantly so far to the Alliance. And some of the Conservatives' expanded working-class support since the mid-1970s appears to depend upon one crucial question: Can Mr Nigel Lawson continue to deliver?

Making way for social democracy

THE ITALIAN Communist Party has cut a sad figure this week, epitomised on Monday night by the appearance on television of its crumpled grandfatherly leader, Mr Alessando Natta. He insisted that his party was still "a fundamental force on the left" despite the worst electoral defeat in its post-war history.

The party's enemies lost no time in parading the spectre of a decline which may soon equal that of the French and Spanish Communists, its *partners in the mid-1970s* experiment of Eurocommunism.

Unlike its French comrades the Italian party never reverted to Marxist-Leninist orthodoxies after the collapse of East-West detente. Yet despite staying loyal to the concepts of democratic pluralism and of autonomy and independence from the Soviet Union, it too, has begun to slide towards the margin of national politics.

Nevertheless, Tuesday's jubilation on the Milan stock exchange may have been too premature a dance on the grave. Even in the debacle of the weekend election, the party still commanded 26.6 per cent of the votes for the Chamber of Deputies and a mass membership of 1.5m. What seems lacking is an effective political strategy and image, and a capacity to respond to social and workplace changes imposed by new technologies and the shrinking of the industrial working class.

The party leadership is not yet ready to accept that these are the shortcomings. Mr Giorgio Napolitano, the 63-year-old spokesman for the *party's right wing*, acknowledges that there is an image problem. "We must stop being a party which looks strange to other parties on the left in Italy and Western Europe," he says. But, he adds: "There are no new lines to invent. By the time of its Florence congress in April, 1986, the party had removed "all ideological barriers to relations with other social democratic parties in Europe."

The party's support has fallen by nearly 8 points since 1976, a huge decline in the relatively static waters of Italian politics. Last weekend nearly 1m votes melted away compared to 1983.

The loyal communes of the north around Milan, Turin Genoa, and Bologna, and in the centre around Rome showed drastic decline. Most ominously for the future, the party seems to have appealed to only about 17 per cent of the 3.7m voters under the age of 25.

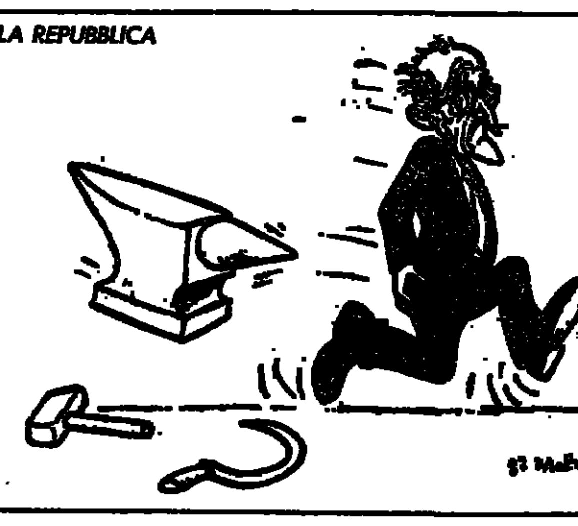
At first sight, the party's defeat appears to resemble the similar failures of the left elsewhere in Western Europe. *In fact* Italy differs in that the left, as a whole, did not suffer a great setback last week. Only its largest component, the Communist Party, formed in a breakaway from the Socialiso Party in 1921 did.

According to the analyses now emerging, it seems that the Communist losses went largely to the Socialist Party and not, as first thought, to the Greens.

This suggests that the 2.9 percentage point gain in the total Socialist vote was not just a reward for the successfull premiership of Mr Bettino Craxi, the party leader, but also an endorsement from former Communist voters of what he called modern, reformist, social democratic policies.

If the Socialists continue to gain at the Communists' expense, Mr Craxi could eventually contemplate a coalition with the Communists, as Francois Mitterrand did in France, from a position of equality, if not superior strength. When he took over his party's leadership in 1976, there were nearly four Communist voters to every Socialist; now there are less than two. More than ever before, a columnist in the centrist Corriere Della Sera wrote this week, "Craxi is the *potential* representative of all the left in the battle—real or pretended—with the Christian Democrats."

Indeed there were many similarities between the election manifestos of the Communists and Socialists; the differences were in tone and strategy, comparable with those which separate Britain's Labour Party from the Liberal - Social Democratic Alliance. The Communists proposed more state intervention, favours for organised labour and income redistribution; *the Socialists called for* privatisation and more targeted welfare.



Natta's Communist Party in trouble: La Repubblica's view

Mr Craxi's campaign was obviously more credible than Mr Natta's. He rejected the Communist call for a "socialist alternative"—based on a Socialist coalition with the Communists — which meant that before the election the Communist Party had no chance of helping to form a government.

Clearly one unsuccessful campaign does not explain a decade-long decline. When the party reached its 34.4 per cent peak in the 1976 elections, it had a magnetic leader in Enrico Berlinguer, a towering influence over the organised working class *through control of the largest* trade union confederation, Cgil, and some capacity to respond to the contemporary problems of labour unrest, high inflation and terrorism.

It had committed itself to democratic institutions, accepted Italy's membership of the North Atlantic Treaty Organisation and the European Community and was ready to allow some role *for* the market economy. Above all, it was prepared to enter *into coalitions with bourgeois* parties.

Unfortunately, Berlinguer's strategy invested everything in the celebrated "compromesso storico" whereby he sustained from the outside a minority Christian Democrat government from 1976-78. The hope that legitimacy and eventual participation in government would follow foundered on the assassination of Aldo Moro, the Christian Democrat sponsor of the "historic compromise."

At the same time, Mr Craxi abandoned the Socialists' 1976 refusal to enter a coalition without the Communists and set about exploiting co-operation with the Christian Democrats *for* his own purposes. The Communists were left isolated and, from 1983, confronted, in Mr Craxi, by a Prime Minister determined to deny the Communists' claim that economic policy could be decided only with their consent. His victory in the June 1985 referendum endorsing cuts in the scala mobile wage indexation system, was a rout for the Communists and the Cgil.

For the past two years, the Communists have lacked potential allies and a proper role — Mr Napolitano says that even their behaviour as parliamentary opposition was judged by activists to be too soft.

If jettisoning Leninism and embracing Western social democracy has not turned the electoral trick, what is left for the Italian Communists to do? Internal reorganisation might help because the bureaucratic requirements of serving a mass membership restrict the party's ability to reach out to other sectors of society.

A change of internal culture may also be required. In politics symbols are important. When I visited the party offices recently, I was greeted by a "propaganda officer" and found notice boards filled with offers of cheap holidays in the Soviet Union. If Marx *and the Soviet model* have been abandoned, so perhaps should such lesser ambiguities.

Letters to the Editor

Manufacturing productivity

From Mr J. Muellbauer

Sir,—Giles Keating and Peter Spencer (June 15) question my relative caution on labour productivity and competitiveness in UK manufacturing. Just to keep this in perspective, I expect the second quarter figures for labour productivity growth to be even better than the first quarter ones. Looking further ahead, they assume a higher rate of labour shedding so that the higher growth in capital per head contributes more to labour productivity growth than I assume. In other words, they are more pessimistic about the employment outlook in manufacturing and more optimistic about the earnings outlook.

My relative optimism on employment is partly based on recent precedent. Following the competitive improvement between 1983 and early 1985, manufacturing employment fell only by one-tenth of 1 per cent between 1984 first quarter and 1985 second quarter. It is also worth noting that, as indicated by the overtime figures, labour utilisation has recently been running at close to record levels. If output growth is sustained this scarcely squares with further rapid labour shedding. Furthermore, not only Lord Young but the CBI is now more optimistic about the employment outlook in manufacturing. Indeed, given the likely trend of our oil revenues, strengthening our manufacturing base has obvious strategic importance.

My relative pessimism on earnings is based partly on the upward drift in wage settlements since the turn of the year and partly on my research with Olympia Bover on the effects on wages of widening regional house price differentials. Furthermore, if other employers are having to follow the example of the Treasury's additional housing cost allowance to ease the movement of employees about the UK, these housing market developments are imposing additional costs, largely omitted from the earnings figures.

I agree with Paul Stewart that the unit cost of production is what matters. Production is value added by labour and capital. The cost contribution of capital is about half that of labour but is notoriously hard to measure accurately, hence the widespread emphasis on unit labour costs.

John Muellbauer.
Nuffield College,
Oxford.

Who turns out

From Mr J. Deeley

Sir,—Future election strategists might do well to note that in England, out of all the constituencies which had a turnout of 80 per cent or more, a staggering 47 were won by the Conservatives and only three by Labour. In marked contrast, out of all the constituencies where the turnout was only 65 per cent or under, 20 were won by Labour and only three by the Conservatives!

Do these figures suggest that Labour supporters do not feel as proud of their party as their Conservative counterparts and, moreover, where patriotism is concerned, are less inclined to express it at times of national importance such as general elections?

John W. Deeley.
16 Downs Road,
Dunstable, Beds.

Sources of learning

From Mr J. Spellar

Sir,—The article of June 16 about German bankers begs a number of questions, especially when it states "the mentality in Frankfurt can often seem more akin to Tokyo than New York." When one compares the trade balances of Germany and Japan with those of the US and UK, one may question who should be learning lessons from whom.

John F. Spellar.
115 London Lane,
Bromley, Kent.

Two (different) nations

From Mr D. Franklin

Sir, — The current political discussion on the subject of Britain's "two nations" is in no way only a geographical division.

Over the past years, industry has had to live with the facts of life by having to earn a living in extremely difficult world trading conditions.

The civil servants however causing disruption at ports and VAT computer centres appear to be unaware of the stark realities of consequences of their actions.

Our company has to import raw materials to manufacture the goods we sell. We have to pay duty and VAT on entry but cannot get possession of the goods as HM Customs is "working to rule." It is a further insult to injury that storage charges are being levied on these goods. Furthermore, we will not receive VAT repayments as the VAT centre at Southend is not making repayments.

Should this situation continue, our company will have to close and increase the number of the unemployed.

Throughout the election campaign, eloquent and compassionate politicians were imploring the electorate to look after the sick, the poor, the unemployed, the aged and the children.

As our small company contributed in excess of £120,000 in PAYE, VAT and Corporation Tax last year, the civil servants appear to be totally oblivious of the fact that their actions will cause further unemployment and will produce considerable loss to the Revenue which will affect the very people they should be protecting.

D. G. Franklin,
121 Kennington Road, SE11.

Patents bring rewards

From Mr J. Gordon.

Sir,—The depressing article by Charles Batchelor (June 16) which suggested that the small inventor receives little protection from the patent system does not correspond with my experience.

There are examples of inventors who have set up their own manufacturing facility and rapidly moved from home to progressively larger premises eventually to sell out to multinational corporations; others have floated their fledgling companies on the USM; and some have earned their considerable income by licensing or selling their inventions without themselves manufacturing the products. None of this would have been possible if their inventions could have been stolen.

The costs of defending a patent monopoly may be high but need not be borne entirely by the inventor. If an invention is commercially successful, the inventor or small company patentee should have no difficulty in finding a "White Knight" licensee to battle with a financially well endowed infringer and, in certain circumstances, it is possible for an inventor to be granted legal aid in patent litigation. Probably one of the most satisfactory conditions in any licence agreement, from the inventor's point of view, is one which places responsibility for costs on the licensee in patent litigation proceedings.

It may be a long battle securing patent protection for an invention but, as the article concedes, not all large companies are "bent" on squeezing the small businessman out of his just rewards." For those entrepreneurs who have commercial patented inventions, there are just rewards indeed!

John Gordon.
34, Tavistock Street, WC2.

Accepting cash

From Mr H. Harrison

Sir,—What in heaven's name are we coming to? For Mr Stoneman (Accepting cash, June 13) to say that the time taken to pay at the point of sale can be a significant cost to the retailer is symptomatic of the ethos of our money-grabbing retailers. And to decry, from the time point of view, the cost of accepting payment by cash is almost beyond belief.

Are there customers queuing up endlessly from opening to closing hour? Is every second of every trading day so vital to the flow of income?

I very much doubt it. Most retailers make quite enough profit to pay for a few minutes per day it costs them to take in payment for goods or services. One only has to look at the balance sheet of any enterprise to ascertain that.

If Andrew Stoneman's point is taken to its illogical conclusion we shall be faced by the retailer with the words "I'm sorry but if you are paying by cash I shall have to add on x per cent because of the time taken to count your money!"

H. W. Harrison.
Geerings Cottage,
Warnham,
Horsham, Sussex.

Qualifications for office work

From Hilary Steedman

Sir,—The French believe that education for office work should be carried out in secondary schools at a sufficiently rigorous and high level to be equivalent to our A-levels (their *Baccalaureat Technique*), and to provide the better pupils taking such courses with university entrance requirements.

I believe they are right. Why should a course covering the essentials of law, accounting, a foreign language and office practice be any less suitable as preparation for higher education than our sixth-form work in, say, geography and sociology?

David Smith (June 10) argues for a continuation of our "tangled" piecemeal system, of the kind for which his own institution (the London Chamber of Commerce and Industry) has long provided a system of examinations. I do not wish to be in the least critical of what is being done by that institution. But in the world of modern office technology there is a call for office personnel having broader competences, and able to take broader responsibilities, than in the past.

If capable youngsters are to be attracted to study for this kind of work it is important that they should see such courses, not as a blind alley, but as a step on a ladder that can lead higher. These are the reasons why we need technical A-levels with a strong practical and vocational component.

The French system has succeeded in all this. Mr Smith suggests that if we were to follow them it would "strike at the roots of the National Council for Vocational Qualifications." Yet the NCVQ has, among its objectives "more and better vocational training," "clear routes of progression" and "simplification of vocational qualifications." It seems to me that far from undermining the work of the NCVQ, technical A-levels provide a coherent answer to many of the important tasks it has been set.

Hilary Steedman,
National Institute of Economic and Social Research.
2 Dean Trench Street, SW1.

Penalising the passengers

From Mr W. McMillan

Sir, — It is now some years since the airlines gave up any action against "no-show" passengers and the silent conspiracy of overbooking began. The fine print was put on the back of the ticket as the airline "club" agreed to penalise passengers who actually showed up. Not a word of it in airline advertising, of course!

What other business could get away with it?

We now have airlines within the UK issuing "return" boarding passes in the knowledge that some of these passengers will have to be turned away.

With all reservation data on computers nowadays, is it not time to reopen the subject so that the "no-shows" pay some kind of penalty?

Bill McMillan.
36 Hill House Close,
Turners Hill, Sussex.

UK COMPANY NEWS

NEW PRODUCTS FAIL TO FIND A MARKET

Renold profits drop to £100,000

BY PHILIP COGGAN

Renold, the gears and chains company which only two years ago was being described as "the epitome of a born-again engineering business," yesterday announced a drop in pre-tax profits to £100,000 from the previous year's £7.6m.

However, the market had been warned at the interim stage that the figures would be disappointing and the shares closed up 1p at 90½p.

In the course of the year, *Mr Nigel Blakstad, the managing* director who brought the company back from the brink of closure in the early 1980's resigned after a row with his fellow directors and Sir Campbell Adamson, the chairman, left in sympathy. Negotiations with Mr Blakstad about his severance terms have not yet been settled.

A new chief executive, Mr Trevor Grice, was appointed in January and it was announced yesterday that Mr Chris Wood had joined the board.

The disagreement between Mr Blakstad and his fellow directors concerned the future of investment in new high-tech business. Mr Peter Frost, the new chairman, said that heavy research and development spending on robotics and hydraulics, had been running at "well into seven figures" over the past couple of years but the ensuing products had been unable to find a market.

As an example, sales of the do-it-yourself factory robotics system had only just reached £100,000.

"We were pouring good money after bad," Mr Brian Thompson, the finance director, said.

The new management has decided to concentrate on the mainstream business of power transmission manufacturing and to make "a determined sales and marketing effort." Last year, the group lost market share in a declining market and the result was a fall in volume sales of 9 per cent, although this was disguised by sterling's appreciation.

Costs were cut after a critical review of the company's prospects with 400 jobs being lost and stocks being reduced by 10 per cent in volume terms. However, the benefits of the cutbacks were unlikely to be seen in the profit and loss account until the next financial year.

Orders for this year had improved and this indicated increased profits for the second *half of this year.*

Turnover for the year ended March 31 was only slightly down at £128.4m (£129.9m) but trading profits were substantially lower at £3.4m (£10m). However, interest payable of £3.3m (£3.7m) wiped out most of that profit and after tax of £1.9m (£2.3m), minority interests of £100,000 (£100,000) the final dividend of 1.3p (1.3p) is being paid out of reserves.

There was an extraordinary charge of £2.9m relating to redundancy costs and write-offs on some robotics and hydraulics equipment and the loss per share was 3p (8p of earnings).

Analysts are expecting pre-tax profits of about £4m this year, which on a nominal tax charge of 35 per cent would put the shares on a prospective p/e of 22.5. The company has been the subject of bid speculation *for some time but so far, it says*, it has received no approaches.

Norton Opax doubles profits to £10.4m

By David Waller

Norton Opax, the specialist printing and publishing group which last November won a bitter and protracted bid for McCorquodale, a larger printing and publishing company, yesterday announced more than doubled pre-tax profits for the year to the end of March.

Growth in earnings per share was more restrained, reflecting both rationalisation costs and the increased number of shares in issue following the £160m acquisition.

Profits, which included four months' contribution from McCorquodale, rose from £5.17m to £10.36m. Earnings per share increased by 5 per cent to 10.52p.

The results were in line with stockbrokers' forecasts and the shares rose 1p to close at 172p.

"McCorquodale's *indigestion was extremely temporary*," said Mr Richard Hanwell, Norton's chief executive. "It has already been cured. We've delivered the goods and confounded the sceptics."

Norton said it would have met the profits forecast of £5.8m it made during the bid, excluding any contribution from McCorquodale, and the costs associated with the bid. These costs were not disclosed.

The figures include one-off rationalisation costs of £3m, which, according to Norton, will lead to annual cost savings of around £3.5m.

Net debt now stands at 80 per cent of shareholders' funds after the takeover, but it is the company's intention to bring gearing down to 50 per cent by the end of the financial year, which has been changed from March 31 to September 30, in line with McCorquodale's year end.

Mr Hanwell said that the sale of Norton's UK publishing interests was imminent and should raise between £10m and £15m.

Norton's Brazilian associate company, Interprint Formularios, suffered from a combination of hyperinflation and a shortage of raw materials. *As a result, it* made no contribution to profits last year, as opposed to £2m in the previous year.

Interest payable rose from £2.01m to £2.61m. The tax charge was £3.10m (£1.96m), and minority interests were £72,000 (£131,000). Extraordinary items, comprising of *reorganisation costs* and losses on the sale of property and investments were £331,000 (£1.80m).

The directors recommended a second interim dividend of 3p per share (2.5p), making a total for the 12 months of 4p (3.5p). The directors intend to make a final payment *of 2p per share*, making a total of 6p for the current 18 month period.

Mr Hanwell said that his long term *strategy* was for the company to derive half its profit from outside the UK, as opposed to a quarter in the last year.

● In a separate development, *the company announced that Mr Robert Maxwell*, the publisher, had moved his 26 per cent holding in Norton from a variety of nominee accounts to Bishopsgate Investment Trust, also owned by Mr Maxwell.

See Lex

Sainsbury set to take full control of Shaw's

Fattened up in readiness for a new Boston tea-party

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

Shaw's Supermarkets of the US has fattened up nicely since Sainsbury first declared its interest in 1983. At the time, the 41-store New England chain was looking a little underweight.

Group executives, having paid £13m for a 20 per cent stake, admitted at the time that they would have been happier with a share of a more substantial business.

They are now poised to take overall control of a 49-store operation which shows all the signs of becoming considerably larger.

Sir John Sainsbury, chairman of the grocery chain

Four years ago, Shaw's was opening one new store every 15 months in and around its base in Boston, Mass. This year's target is six, comprising three replacements and three new outlets.

Although the group is clearly in no hurry — it has had to wait almost ten years to realise its plan to move into the US —the rate will probably accelerate as Shaw's gains bulk. With sales of around $1bn in a national market worth more than $250bn a year, Shaw's has plenty to go at.

For the time being, it will probably be content to develop in its regional niche. According to Mr Ewan Davidson, Sainsbury's treasurer, it is market leader in its heartland, but has only 7 per cent of the grocery trade in the New England region, trailing the Hannaford Bros Stop 'N Shop (SIC) chain which has 14 per cent, and Purity Supreme with 8 per cent.

When Sainsbury drafted its *diversification programme in* the late 1970s — a plan which included a shift into DIY through the Homebase operation, hypermarkets with Savacentres, and overseas retailing —it concluded that "exporting" the Sainsbury name was a non-starter.

In the same way, experience *has* shown that the US is made up of many regional markets which do not take happily to invasions by outsiders—be they American or British.

There is only a handful of US food retailers — A and P, Safeway and Kroger, for example — with anything resembling national market coverage.

Others are trying, but the process is slow and risky. Still, regional niches can be extended. Hannaford Bros plans to broach New York State this year with seven openings. Shaw's is venturing tentatively into new territory with one store planned for Rhode Island.

Part of the reason for the *caution lies in the fragmented*, schizophrenic nature of the US food business. Many of the 30,000 supermarkets which supply some 75 per cent of the nation's groceries compete solely on price. However "concept" retailing in the style well-established in Britain, which concentrates on quality, service, value for money and innovation, s gaining ground among US retailers and customers.

Sainsbury had enough experience of price wars in its home market in the late 1970s and early 1980s, and it is unlikely to want a repeat on foreign territory.

On these criteria, Shaw's seems a near-perfect vehicle for the British group's US adventure. Its marketing stratgey has many parallels with that of its new owner, including everyday low prices, quality and variety, strong consumer orientation, wide application of electronic management aids, and efficient purchasing.

This relatively refined approach seems to pay off. Shaw's claims its grocery prices average two percentage points lower than the competition's, while costs are four points lower.

Sainbury's skills in this area, already applied through the two British directors currently sitting on Shaw's board, will doubtless be pressed to greater use in the US.

The British company had already helped by giving Shaw's the confidence to expand, Mr Davidson said. It had also played a role in the formulation of the policy which has led to the opening of eight Super Shaw's — stores with more than *50,000 sq ft of sales space*, compared with the group norm of 36,000 sq ft — since 1984.

In future, the existing US management would be left basically to carry on with its job, he said. Although there would be little, if any, transfer of British management to the US, London would monitor investment and "provide a bigger input on financial and marketing strategy."

Given the conditions prevailing in the US grocery market, the difficulties other British retailers have had in the past in North America, Sainsbury's conservatism and traditional reliance on organic expansion, it may be many years before it comes head-to-head with US majors such as Safeway.

However, with the British market approaching supermarket saturation, it may not be long before it sees more familiar faces popping up around its new territory. UK grocery retailers are widely acclaimed as the most efficient and inventive in the world.

Dee Corporation, chafing in its British niche, is already making impressive inroads into US sporting goods shops and the Spanish grocery market. Argyll (although it would be unable to wave its newly acquired Safeway flag in the US), is also ambitious.

Then there is Tesco, having just hooked the Hillard's minnow. Sainbury's arch rival in the UK may well be raising its sights.

Sportsfield to join SCM in Dublin

By Hugh Carnegy in Dublin

An Irish company which has developed a tractor - like machine capable of sucking and squirting up to 10,000 US gallons of water an hour off grass sports surfaces, yesterday announced it was coming to the Small Companies Market in Dublin.

Sportsfield Equipment is placing 2,812,500 ordinary shares, or 47 per cent of the issued share capital, at 32 Irish pence to help develop what it regards as the significant commercial potential of its "Water Hog" product.

Market capitalisation after placing will be I£1.9m.

The Water Hog, invented three years ago by Mr Hugh McLauglin, uses four large perforated cylinder to lift water from grass. It is designed to save sporting events from cancellation because of waterlogged surfaces. Prototypes have already been sold in the US and Britain, and were used at the US Open Golf in 1985, an England-Australia cricket Test match last year and at numerous race meetings.

The company plans to aim its main marketing effort at US golf courses, projecting sales at a unit price of dollars $15,000 of $1.3m by the end of the first year (March 1988).

Sportsfield is only the second company to come to the SCM in Dublin, set up more than a year ago to try to attract more small companies to come to the market.

Atlantic Computers' £9.6m deal

By Richard Tomkins

Atlantic Computers, the computer leasing group which acquired fellow lessor Comcap in May, yesterday announced that it had bought the privately-owned **Hamilton Rentals** for £9.6m.

Hamilton sells and rents office equipment and computer products. It employs 170 people and has six offices in the UK, as well as subsidiaries in France and the Netherlands.

The company specialises in the sale and short-term rental of DEC equipment which accounted for over 40 per cent of turnover in its last financial year. Atlantic said this operation would fit neatly with its existing DEC systems division.

Hamilton made pre-tax profits of £1.1m in the year to April 1987 on turnover of £24m, some 70 per cent of which came from the UK.

The acquisition will be financed through a vendor placing of 1.3m new ordinary Atlantic shares by N. M. Rothschild, the merchant bank.

Cranswick Mill rises to £0.88m

Cranswick Mill Group, the USM-quoted manufacturer of pig feed and wholesale marketer of pigs, lifted its pre-tax profits from £840,000 to £882,000 on turnover ahead from £35.6m to £42.19m in the year to March 31 1987.

The directors proposed a final dividend of 3.7p (2.66p), making a total of 5.55p (2.66p) for the year. After tax charges of £308,000 (£330,000) earnings per share based on the weighted average fell from 11.6p to 10.3p.

The directors said that trading in the current year had started well and that they were confident about its outcome.

They said that the group's three main areas of activity—feed, livestock and grain—had each shown a significant increase in the volumes traded, an achievement against a background of EC legislation designed to curb surpluses of cereals and milk products.

Those measures had resulted in increased competition, with a consequent downward pressure on margins.

The directors reported that the group was widening its geographical base and opportunities for acquisition were being kept under review—an integral part of the group's strategy for growth.

Stormgard losses reach £4.7m

Stormgard, the textile manufacturer, tumbled into the red *with pre-tax losses of £4.67m in* the year to March 31 1987 compared with profits of £734,000 in the 15-months to the same date last year. Turnover rose from £42.02m to £45.85m.

The company made operating losses of £370,000 (£2.1m profits) but exceptional items totalled £3m (nil). It again paid no dividend and losses per share amounted to 3.52p (1.11p) earnings.

In the exceptional items stock provisions accounted for £2.1m, of which £1.6m related to the *fashion* sector of the group; rationalisation and reorganisation charges totalled £561,000, of which £478,000 were for the fashion sector; and *provisions for bad debt* amounted to £239,000.

Most of write down on stock for the fashion sector dealt with problems of outdated fashion garments in the group's Italian dress subsidiary, Garlaine.

In February this year Ms Jennifer d'Abo, who led Stormgard's 1985 takeover of Selincourt, the textiles group, resigned as a director of the company following a boardroom *split. Ms d'Abo remains chair*man of Ryman, the office equipment and stationery company which the week received a takeover approach.

Lord Lever, chairman, said that trading performance across the group had deteriorated considerably in the second half and had necessitated a further thorough review ofthe group's activities. In the first half Stormgard incurred pre-tax lossses of £193,000. He said that the current year would be another difficult one.

The board had concentrated its attentions on the fashion businesses where a number of the company's recent ventures and management decisions had *proven not to have sufficient* profit potential to merit continued investment.

As a result Stormgard has sold the *lace-making* business of its E. and A. Richards subsidiary to Robert Shaw, a subsidiary of John Crowther. Lord Lever said it would fit more logically into a larger group with lingerie interests. Total consideration for the asset sold and the liabilities taken over was £1.24m.

In May Stormgard, sold Taylor Merrymade to J and J Fashions in a deal which would realise about £2.6m. Lord Lever said that Taylor would have required considerable capital expenditure and offered only limited profit potential in the short term.

The effect ofthese disposals had been to release funds to reduce borrowings and to strengthen the group's position for the longer term.

In spite ofthe strategy of rationalisation through disposals, Lord Lever said that Stormgard had been actively considering opportunities to strengthen the group through acquisition. In December last *year it bought Scan Belts for* £640,000, and in September it acquired a 75 per cetn interest in a fashion design business, Yuki Designs.

Stormgard paid no tax (£5,000) and minorities took an unchanged £9,000. Extraordinary costs amounted to £78,000 (nil) and the attributable loss worked out at £4.76m (£72,000 profits).

Rushlake sells its stake in Mitchell Cotts

By Mike Smith

Rushlake Holdings, the private company owned by the Jivraj family, yesterday ended its interest in Mitchell Cotts, the engineering and chemicals group fighting a hostile takeover bid, when it sold its remaining 8.9 per cent stake in the company

The 8.58m shares were bought by clients of Robert Fleming Investment Management, part of Flemings investment bank. RFIM already controls on behalf of clients a large stake in Suter, the industrial conglomerate attempting to take over Mitchell by a £70m shares *offer*.

Mr John Emly, investment director for RFIM, said yesterday that he thought Suter represented good value and the Mitchell shares would be worth more than RFIM had paid *if the bid succeeded*.

But if someone came in with a higher bid, RFIM would consider it. "We have all our options open," he said.

Suter yesterday extended the offer for Mitchell Cotts until July 4. Shares in Mitchell closed last night at 71¾p, up ½p. Those in Suter closed at 252, down 2p.

Suter is being advised in the bid by Robert Fleming and Co, also part of Flemings.

Case losses reduced but US continues in the red

REDUCED LOSSES were yesterday reported by Case Group, data and communications networks supplier, for the year to March 31 1987. On turnover down from £95.36m to £93.65m pre-tax losses fell from £14.73m to £5.42m.

Mr Duncan Fitzwilliams, chairman, said that although the group had not yet returned *to profitability, it was closing* the gap and had a far stronger organisation than when he made his statement last year.

The directors are recommending a nominal final dividend of 0.1p, the first payment since a 0.45p interim in 1986. This is to maintain full trustee status. Losses per 20p share came out *at 9.56p against 23.58p*.

The UK company, CASE Communications, made a record contribution to group profits, and losses from the US company, CASE Communications Inc, were substantially reduced. The *chairman said the priority* for the year was to continue to improve the US results.

From a trading profit of £44.17m (£41.72m) sales and marketing costs took £26.32m (£30.67m), administrative expenses £7.95m (£8.57m) and R and D £11.11m (£12.85m), leaving an operating loss of £1.22m (£10.38m).

The pre-tax result was after interest charges of £3m (£2.2m) and an exceptional debit of *£1.77m (£2.15m), being* redundancy and restructuring costs of £1.3m and a contractual dispute provision of £467,000.

Tax took £681,000 (£247,000), and after the dividend payout losses for the year amounted to £6.16m (£15.27m).

● comment

The evidence of CASE's continued *recovery* was greeted with a sigh of relief in the City and the shares notched up a gain of over 10 per cent to 123p. The auguries remain good: the relaunch of the Modem 4000 should see the US operations back into the black before R&D and interest costs, and the UK should also see gains as the *Series 7000 and 8000 products* come on stream. With the balance sheet benefiting from a cut in gearing from a peak of 60 per cent to around 40 per cent by the end of next month, CASE should be producing its first pre-tax profits since 1984-85 by the year end. They are likely to be modest and the share price is already looking to next year, when the bottom line will be boosted by the offset of US tax losses against the US contribution. If the group as a whole were to turn in £10m, the p/e multiple would come down to 10—a modest enough level for a recovery stock in which bid speculation is perennial.

Belgians have 37% of Contibel

By Max Wilkinson

The Belgian companies Tractebel and Groupe Bruxelles Lambert (GBL) announced yesterday that they hold or have acceptances for 36.7 per cent of the ordinary shares in Contibel, following their agreed take-over bid of £395m.

By Thursday, the first closing date for the offer, the Belgian companies had gained 7.2 per cent of Contibel shares in addition to the 29.5 per cent they already own.

Institutional shareholders appear to have held off, hoping for a better price than the 278p offered so far, but private shareholders seem mostly to have accepted. Shareholders have another two weeks to accept, but several institutions have made it clear that they will hold out for a higher price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or –	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§132	F.P.	30/6	203	155	B.D.A. Hldgs. 10p	203	+3	L2.5	3.70	1.7	22.2
§77	F.P.	—	122	90	Barrett (Henry) 10p	120	−2	R2.81	2.2	3.2	19.0
§77	F.P.	30/6	110	96	‡Bonded Laminates 10p	110	+2	L2.4	2.4	3.0	19.2
§185	F.P.	6/7	242	210	Chemoxy Intl.	240	......	L4.9	2.7	2.8	16.9
—	F.P.	—	23	10	ChildHealthRes.Wrts	23	......	—	—	—	—
§125	F.P.	—	185	145	‡Colorgraphic 10p	185	......	L3.0	2.8	2.2	21.5
‡230	F.P.	10/7	297	278	Computer People 5p	292	......	u9.6	3.2	1.7	25.6
‡‡	F.P.	—	184	173	Cresta Hldgs 10p	184	+5	—	—	—	7.6
§56	F.P.	17/7	82	75	‡de Morgan 5p	77	......	R1.0	4.3	1.8	18.0
§76	F.P.	19/6	99	76	‡GC Floor & Furn's	84	......	L1.95	2.8	3.18	15.4
§170	F.P.	1/7	205	188	Hambros Adv.Tech Tst.	190	−2	—	—	—	—
§130	F.P.	15/7	170	163	Neotronics 5p	168	+3	R1.8	4.2	1.5	22.1
—	F.P.	—	120	80	OriflameIntWarrants‖	113	......	—	—	—	—
125	F.P.	26/6	190	180	Pickwick	188	......	R2.5	3.1	1.8	24.6
§83	F.P.	—	98	88	Practical Invs.	98	......	—	—	—	—
¶¶	F.P.	—	112	94	River&Merc Cap 12½p	112	+3	—	—	—	—
¶¶	F.P.	—	103	98	Do. Inc. 12½p	98	−1	H5.67	—	7.9	—
¶¶	F.P.	—	35	18	Do. Wts. 12½	35	......	—	—	—	—
¶¶	F.P.	—	102	98	Do.Stepped Prf 12½p	100	−2	H4.20	—	5.7	—
170	85	23/9	154	120	Rolls-Royce 20p	120	−3	W4.99	2.7	3.3	12.5
‡100	F.P.	—	103	97	Saltire Insurance	97	−3	—	—	—	—
§125	F.P.	19/6	200	155	‡Sharo & Law 10p	185	......	u3.0	2.4	2.2	25.3
§92	F.P.	24/6	100	96	‡Sheraipian 5p	96	......	u1.6	3.6	2.1	16.5
¶¶	F.P.	—	162	135	Smith Doctus 5p	160	......	0.25	—	2.14	—
125	F.P.	15/7	270	224	‡Sock Shop Intl.5p	270	......	R1.35	3.8	6.8	52.2
145	F.P.	—	195	160	Tie Rack 5p	160	−8	R1.1	4.2	9.4	34.8
§125	F.P.	2/6	167	158	‡UCL Group 5p	167	......	u2.5	2.8	2.1	23.6
§130	F.P.	—	182	175	Warner Howard 5p	175	−2	R2.66	2.70	2.1	23.2
135	F.P.	4/9	173	160	Webmiller(Barry)Intl.5p	170	−3	R4.0	2.9	3.2	12.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or –
§	Nil	—	11pm	9pm	Anglo Utd. Cnv. Red. Prf.	11pm	......
—	F.P.	—	115	98	Burndene Invs. 15% Uns.Ln. 2007-12	125	+7
§95.982	£25	30/11	28¼	25⅞	Cap & Counties 9⅞% 1st Mt. Db 2027	27¼	+¼
§99.239	F.P.	20/7	99¼	98⅝	Dares Est. 10¼% 1st Mt. Deb. 2012	98¾	......
§	Nil	—	34pm	27pm	Dencora 6¼% Com. Cnv. Red. Pf.	34pm	......
¶¶	F.P.	—	147p	108p	‡Gibbons Lyons 7% Cnv Cum Red Pf. (£1)	147p	......
§	£50	—	50⅛	50⅛	Govett Strategic Inv Tst 9⅞% Deb 2017	50⅞	+⅛
—	£25	28/8	26½	23⅛	Gt. Portland Ests. 9½% 1st Mt. Db 2016	24	−⅛
—	£10	24/7	12½	11	Mid-Southern Water 7% Red. Prf. 1997	12½	+1½
—	F.P.	—	100⅛	99⅞	Nationwide 8⅞ pc Bds 20/6/88	100	......
§	Nil	29/7	27pm	20pm	Noble & Lund 8pc CnvCumRedPrf(£1)	22pm	−2
—	£25	11/11	25½	23	North Housing Assoc. 8¼% Gtd.Ln.2037	24⅛	......
—	F.P.	7/7	298p	240p	Do. Zero Cpn. Ln. 2027	295p	......
—	F.P.	—	175p	160p	P&O Subs. Warrts 1988-92 (Ann. Wrts)	168p	+9
§95.221	£25	2/10	26	23½	Peachey Property 9½% 1st Mt.Deb.2015	24½	+⅛
—	£40	12/8	42	38⅛	Peel 9⅞pc 1st Mt. Deb. 2011	40½	+¼
§—	F.P.	15/7	106p	101p	Prowting 8.3% Cum. Red. Prf 2002 (£1)	106p	......
§—	F.P.	—	174p	172p	Do. 13¼% Cum. Prf. (£1)	173½p	......
§98.221	£25	9/10	26¼	23⅛	Scot. Eastern Inv.Tst. 9¾% Deb 2020	26¼	+⅛
¶¶	F.P.	—	120p	106p	Spong Cnv. Cum. Red. Prf. (20p)	120p	+1
§98.105	F.P.	10/7	101¼	99¼	Tr Ind & Gen Tst. 10% Deb 2016	99¼	−¼

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or –
210	Nil	24/7	81pm	42pm	Arlington Securities 10p	71pm	−10
136	Nil	24/7	83pm	76pm	Bank Ireland cap. (Ir £1)	78pm	+2
350	Nil	23/7	90pm	48pm	Berkeley Group	90pm	......
¶¶	Nil	19/6	625pm	173pm	Brathwaite £1	230pm	......
625cts	Nil	19/6	130pm	80pm	Cons Murchison	80pm	......
DM450	Nil	—	325pm	252pm	Deutsche Bk. Dm50	325pm	+25
25	Nil	24/7	27½pm	15pm	Eskcare Hldgs. 5p	27½pm	......
250	Nil	22/7	100pm	85pm	‡FKB Group 5p	95pm	......
210	Nil	29/7	66pm	64pm	Hazlewood 10p	62pm	−4
397	Nil	20/7	40pm	15pm	‡KLP Group 5p	35pm	......
265	Nil	15/7	114pm	84pm	Kennedy Brookes 10p	109pm	......
¶¶	Nil	—	15pm	4pm	Manton Bros. Pfd. 20p	11pm	......
180	Nil	10/7	86pm	65pm	Quick (H. & J.) 10p	86pm	+3
21	Nil	17/7	9½pm	7pm	Rock 10p	7½pm	......
345	Nil	17/7	99pm	60pm	‡Tay Homes	97pm	......
575	Nil	24/7	85pm	67pm	WCRS Grp. 10p	85pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimate. [illegible]

Caradon heads for full listing through issue valued at £34m

BY RICHARD TOMKINS

Caradon, the building products maker which includes Twyfords sanitaryware and Mira showers among its brands, yesterday unveiled details of an offer for sale which will bring it to the market at a capitalisation of £134.4m.

S. G. Warburg, the merchant bank, is offering 13.45m shares at 250p each, putting a value of £33.6m on the issue—one of the biggest the London market has seen this year. The prospectus will be published on Monday.

Caradon has existed in its present form only since October 1985, when its constituent companies were bought out from Reed International for £61m by a new management team. At the time, it was the biggest management buy-out Britain had seen.

The group consists of four divisions. Twyfords is one of Britain's leading makers of bathroom products. Mira is taking an increasing share in the instant electric shower market and is Britain's leading maker of mixer showers. A third division makes Terrain plastic waste and rainwater systems and Celuform plastic timber replacement products. The fourth comprises five companies supplying plastic mouldings to a wide variety of users.

Caradon's new management team includes several former Redland executives. The group is headed by Mr Antony Hichens, the 50-year-old non-executive chairman who is a former finance director and deputy managing director of Redland and is now a managing director and chief financial officer of Consolidated Gold Fields. Mr Peter Jansen, the 47-year-old chief executive, is another ex-Redland director.

The prospectus shows the results coming through in the short period since the buy-out. Operating profits have grown from £5.8m in the year to March 1985 to £9.7m in 1986 and £16m in the financial year *just ended*.

The shares being sold are all new ones being issued by the company and so none of the existing shareholders will receive any of the proceeds. About £31m will be available to the company after expenses, of which about £19m will go towards repaying loan stock and preference shares issued in connection with the buy-out and the remaining £12m will be used to cut group borrowings.

Caradon's shares have been priced on a pro-forma basis which assumes that the proceeds of the issue had been available to it throughout its last financial year. This produces an historic price/earnings ratio of 14.5.

The stockbroker to the issue is Cazenove.

See Lex

Molins rejects TKM bid

Molins, the cigarette machinery maker, yesterday formally rejected the £83m hostile bid from Tozer Kemsley and Millbourn, a subsidiary of the Brierley Group of companies based in New Zealand.

"There is nothing that TKM, which is principally involved in motor trading, can contribute to Molins," the company said last night in a letter sent to its shareholders—"no technology, no engineering expertise and no management skills.

"Furthermore, the level of TKM's offer is wholly inadequate, and takes no account of your company's prospects," it added.

Copson rights to finance purchase of LCP Building

F. Copson, the Birmingham-based builders' merchant, has agreed to acquire L.C.P. Build*ing Supplies, a wholly-owned* subsidiary of Ward White Group, for £1.96m.

The acquisition will be financed by the issue to Ward White of 979,936 new ordinary shares of 5p each in the company and credited as fully paid.

Copson proposes to issue a further 1,195,712 new ordinary shares by way of rights to existing shareholders at a price of 200p per share, to raise approximately £2.39m before expenses.

Proceeds of the issue, approximately £940,000, will be applied to the discharge of Building Supplies' indebtedness, and the balance after expenses, will be used for working capital and for the continued development of Copson's business. The proposed rights has been underwritten by Brown Shipley.

Copson has also acquired K *and K Gordon for approximately* £200,000. Gordon is a builders' and plumbers' merchant based in Leicester, and at February 28 1986 had net tangible assets of approximately £65,000, after deducting loans from directors of about £65,000.

The directors of Gordon have agreed to capitalise these loans as share capital prior to completion.

The consideration will be satisfied by the issue to the vendors of 26,081 new ordinary, and by the issue of further ordinary provided certain pre-tax profit targets are achieved.

Since its interim report, Copson's trading has continued much in line with forecasts, and the directors anticipate that the second half to April 30 1987 will show a satisfactory result.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Case	0.1	Sept 14	Nil	0.1	0.45
Cranswick Mill‡	3.7	July 31	2.66	5.55	2.66
Renold	1.3	Aug 10	1.3	2	3
Norton Opax 2nd int	3†	July 31	2.5	4	3.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Third market.

APPOINTMENTS

NEI Clarke Chapman managing director

Mr Barry Morgan has been appointed managing director of NEI CLARKE CHAPMAN. He replaces Mr John Creek who has become chief executive of Vickers Marine in Edinburgh. Mr Morgan was director of Wellman Booth, a business unit of NEI Clarke Chapman. At NEI Peebles Mr David McKay has been appointed director of Peebles Power Transformers. He was general manager. At NEI-IRD Dr William MacFarlane has been appointed director, materials technology. He was general manager, sales and contracts, NEI Nuclear Systems. Mr Tom Dickinson has been appointed director, refurbishment and modification services. He was previously r and m manager, NEI Nuclear Systems. Mr Chris Clay has been appointed financial director. He was financial controller and company secretary.

★

Mr Norman Davenport has been appointed marketing director at CALEDONIAN PAPER'S new Irvine lightweight coated paper mill from July 1. He was a main board director of Lamco Paper Sales in London. Mr Duncan Rennie becomes personnel director. He was human resources manager at Rodime Europe, Glenrothes.

★

THROUGH TRANSPORT MUTUAL SERVICES has appointed Mr David J. Scarfe as director from July 1 following the retirement of Mr Kenneth Anderson on June 30. Mr Scarfe was in charge of the management of the London branch of Atlantica Continental NV as general manager. Through Transport Mutual Services is the manager of the London branch of Atlantica Continental NV. Mr Mark Holford, also a director of Through Transport Mutual Services, has succeeded Mr Anderson as underwriting manager for the TT Club.

★

Mr Peter Linacre is to join the board of A CAIRD & SONS. Mr Christopher Quelch and Mr Gordon Caird have resigned from the board. Mr Christopher Parker will continue as chairman for the time being and Mr Donald du Parc Braham as a director.

★

Ms Diana Cornish has been appointed managing director of BROOK STREET BUREAU. Previously deputy managing director, she joined in February 1986 from Blue Arrow Personnel Services, which acquired the company in 1985.

★

Mr D. W. Ford has been appointed a non-executive director of MEYER INTERNATIONAL from August 15. He is a non-executive director of Hickson International and a member of the British Independent Steel Producers Association. He is also a non-executive director of Hugh Mackay.

★

At the annual meeting of ALFRED BLACKMORE GROUP on July 1, Mr Edward Holroyd will resign as chairman. Mr John Northridge, group managing director, will be appointed chairman. Mr Holroyd will continue as group finance director. Alfred Blackmore Group is the ultimate holding company of Alfred Blackmore and Co., Lloyd's broker.

★

Miss Eugenie Turton, an under-secretary in the Department of the Environment, has joined the board of the WOOLWICH BUILDING SOCIETY as a non-executive director. Miss Turton is the second woman director of the Woolwich.

★

Mr Alan A. Lewis has been appointed finance director of GRAFTON (DATABASE CONSULTANTS) an IBM-mainframe banking and financial services consultancy.

★

From June 30 Mr Geoffrey D. Bates and Mr Bryan L. Harris become joint managing directors, Viscount Tamworth a director and Mr R. John Jamieson group financial controller and company secretary of VIKING PROPERTY GROUP. Mr Ralph H. Robins has been appointed to the board as a non-executive director. He is managing director of Rolls-Royce.

★

Mr D. A. Moss, Mr G. White and Mr D. R. Hicks have been appointed directors of ECC CONSTRUCTION.

★

THAMES TELEVISION is to appoint Mr Timothy Gold Blyth, a director of BET, to the board from June 30 to replace Sir Hugh Dundas who retires at the end of this month. Mr Gold Blyth joined BET in November 1976 as director and chief executive, magazines, Argus Press Group, and in 1983 he was appointed chairman and chief executive, Argus Press Group and Electrical Press Group. He has been a director of BET since 1985. Mr Gold Blyth will also be appointed a director of A-R Television, one of Thames' major shareholders. That appointment will take effect from July 21.

★

CHRISTOPHER MORGAN & PARTNERS has appointed as partners Miss Katy Blount and ... Alan Pinnell. The company has opened an office in Tokyo, to be headed by Mrs Charlotte Kennedy-Takahashi. She is president of Oak Associates, a Tokyo-based company specialising in corporate training, orientation and personnel services.

★

FRIENDS' PROVIDENT LIFE OFFICE has appointed to the board Mr John A. de Havilland and Mr Richard M. O. Stanley.

★

AVON AMENITIES has appointed Mr Christopher Jones as group managing director. In addition, he will be in overall control of development of Headlands Business Park at Blashford near Ringwood on the edge of the New Forest. He was sales and marketing director.

★

THE GOODYEAR TYRE & RUBBER CO has appointed Mr C. E. Sprang as financial director for Goodyear Great Britain, in succession to Mr G. R. Hargreaves who has returned to the US as corporate vice president and treasurer. Mr Sprang was finance director for the Asia/Pacific region.

★

ABBEY LIFE INVESTMENT SERVICES has appointed Mr Trevor Forbes as director responsible for UK equities. He joins from Hill Samuel Pension Fund Managers where he was a director.

★

EUROPEAN BRAZILIAN BANK (EUROBRAZ), London, has elected Mr Renato Franco as its deputy managing director in succession to Mr Mailson Ferreira da Nobrega, who has returned to Brazil to act as general secretary of the Ministry of Finance. Mr Franco joins Eurobraz from Banco do Brasil, where he was chief of staff in the international division. EUROBRAZ was founded in London in 1972 to provide capital for projects in Brazil and other countries of Latin America through Eurocurrency loans and other sources of finance. Its shareholders are Banco do Brasil, Bank of America Group, the Dai-Ichi Kangyo Bank, Deutsche Bank and Union Bank of Switzerland.

★

Sir James Menter will be retiring from the board of the BRITISH PETROLEUM COMPANY on September 30. Sir Robin Nicholson becomes a director from October 1. He is an executive director of Pilkington Brothers, and a non-executive director of Rolls-Royce.

★

JOHN J. LEES has appointed Mr Hugh Barry as a director. Mr Barry trained as a solicitor and has spent most of his working career in merchant banking. Formerly a director of Noble Grossart, he is now an executive director of Edinburgh Financial Trust.

★

Mr Christopher Parker and Mr Guy Stokeley, formerly assistant general managers, have been appointed general managers of SAUDI INTERNATIONAL BANK. Mr Parker will have responsibility for banking and investment management activities, and Mr Stokeley for corporate finance, trading and sales. These appointments follow the re-assignment of Mr Terry Mills, formerly general manager, to the London office of Morgan Guaranty Trust Company of New York. Saudi International Bank is 50 per cent owned by the Saudi Arabian Monetary Agency. Morgan Guaranty Trust Company, through its wholly-owned subsidiary J P Morgan Overseas Capital Corporation, owns 20 per cent of Saudi International Bank and under the terms of a technical assistance agreement provides management for the bank.

★

Dr Ian Rae has been appointed operations director, distilling, by UNITED DISTILLERS GROUP. At present production director with Tanqueray Gordon division of UDG, Dr Rae is to succeed Mr Kerr Buchanan who is retiring. Dr Rae will be responsible for all spirits distillation within the group, with the exception of Arthur Bell distilleries.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday June 19 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs June 18 Index No.	Wed June 17 Index No.	Tues June 16 Index No.	Year ago (approx.) Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (213)	952.23	−1.0	7.20	2.81	17.46	9.84	961.73	963.76	959.86	738.40	963.76 17/6	696.73 2/1	963.76 17/6/87	50.71 13/12/74
2	Building Materials (29)	1237.67	−1.6	6.88	2.72	18.16	12.92	1257.63	1269.61	1270.40	796.88	1274.76 15/6	860.39 5/1	1274.76 15/6/87	44.27 11/12/74
3	Contracting, Construction (33)	1711.56	−1.0	7.03	2.79	19.10	19.05	1728.44	1725.17	1702.29	1216.98	1728.44 18/6	1185.88 2/1	1728.44 18/6/87	71.48 2/12/74
4	Electricals (13)	2387.89	−0.8	5.58	3.29	24.05	31.62	2406.99	2434.23	2419.27	1783.81	2434.23 17/6	1772.22 2/1	2434.23 17/6/87	84.71 25/6/62
5	Electronics (35)	2131.83	−0.5	7.23	2.09	17.99	12.62	2141.23	2133.85	2139.94	415.36	2141.23 18/6	1543.77 2/1	2141.23 18/6/87	1229.81 8/10/85
6	Mechanical Engineering (60)	500.27	−0.7	8.33	3.42	15.04	7.31	503.95	503.13	502.01	365.21	510.74 19/5	393.85 2/1	510.74 19/5/87	45.43 5/1/75
8	Metals and Metal Forming (7)	528.42	−0.8	7.03	3.02	17.14	5.48	532.60	531.54	526.52	314.26	532.60 18/6	355.97 2/1	532.60 18/6/87	49.65 6/1/75
9	Motors (15)	358.97	−1.2	8.35	3.00	13.94	3.42	363.39	364.05	360.73	1342.65	364.05 17/6	272.03 2/1	364.05 17/6/87	19.91 6/1/75
10	Other Industrial Materials (21)	1569.07	−1.3	6.34	3.15	19.02	18.77	1589.06	1600.41	1578.78	929.55	1600.41 17/6	1179.19 2/1	1600.41 17/6/87	277.55 15/1/81
21	CONSUMER GROUP (185)	1317.60	−1.7	6.04	2.53	21.22	13.05	1339.98	1353.49	1341.59	956.95	1353.49 17/6	958.07 2/1	1353.49 17/6/87	61.41 13/12/74
22	Brewers and Distillers (22)	1187.71	−2.1	7.90	2.98	15.93	11.65	1212.67	1235.13	1240.56	682.93	1240.56 16/6	938.04 2/1	1240.56 16/6/87	69.47 13/12/74
25	Food Manufacturing (25)	1022.25	−0.9	6.87	2.98	18.93	12.74	1031.77	1044.57	1035.03	1049.19	1044.57 17/6	738.32 2/1	1044.57 17/6/87	59.67 11/12/74
26	Food Retailing (15)	2511.01	−3.0	5.22	2.29	26.19	21.12	2589.81	2600.57	2593.03	1613.01	2600.57 17/6	1881.08 2/1	2600.57 17/6/87	54.25 11/12/74
27	Health and Household Goods (10)	2477.61	−1.9	4.08	1.62	28.73	14.62	2525.35	2592.70	2548.89	1613.81	2592.70 17/6	1645.70 2/1	2592.70 17/6/87	175.38 28/5/80
29	Leisure (31)	1374.71	−1.1	5.80	3.09	22.68	16.11	1390.31	1382.12	1376.46	906.35	1390.31 18/6	986.35 2/1	1390.31 18/6/87	54.83 9/1/75
31	Packaging & Paper (15)	696.86	−0.1	5.99	2.48	21.07	7.40	697.29	693.17	685.86	484.54	697.29 18/6	491.50 2/1	697.29 18/6/87	43.46 6/1/75
32	Publishing & Printing (15)	4295.36	+2.2	5.27	2.84	24.43	54.63	4201.25	4106.88	3953.74	2540.82	4295.36 19/6	2713.49 2/1	4295.36 19/6/87	55.08 6/1/75
34	Stores (36)	1105.58	−2.5	6.54	2.59	20.67	11.73	1134.27	1146.50	1144.74	879.23	1152.04 15/6	835.17 2/1	1152.04 15/6/87	52.63 6/1/75
35	Textiles (16)	797.61	−1.6	7.68	2.81	15.11	10.56	810.58	806.62	780.83	544.42	810.58 18/6	541.39 2/1	810.58 18/6/87	62.66 11/12/74
40	OTHER GROUPS (85)	1092.44	−1.4	7.84	3.18	15.87	9.74	1108.08	1123.62	1115.75	818.15	1125.41 15/6	815.89 5/1	1125.41 15/6/87	58.63 6/1/75
41	Agencies (16)	1585.92	−1.5	4.32	1.52	30.51	9.50	1610.21	1628.38	1628.13	0.0	1628.38 17/6	1111.16 2/1	1628.38 17/6/87	1111.16 2/1/87
42	Chemicals (21)	1356.17	−0.3	7.22	3.24	16.98	19.32	1360.85	1365.84	1344.41	911.36	1366.64 3/6	1002.01 2/1	1366.64 3/6/87	71.20 1/12/74
43	Conglomerates (11)	1347.91	−0.9	7.78	3.39	14.69	13.73	1360.04	1368.83	1351.71	0.0	1379.99 1/6	1112.14 2/1	1379.99 1/6/87	1112.14 2/1/87
45	Shipping and Transport (11)	2231.52	−0.9	7.08	3.60	17.71	37.76	2251.46	2267.75	2265.20	1504.22	2277.40 15/6	1567.77 2/1	2277.40 15/6/87	90.80 29/6/62
47	Telephone Networks (2)	1141.09	−2.8	8.81	3.51	15.14	1.09	1173.60	1214.51	1219.75	928.37	1274.14 9/6	837.15 5/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (24)	1497.57	−1.0	8.88	2.93	13.60	18.08	1512.87	1518.24	1496.21	1054.88	1518.24 17/6	1181.37 5/1	1518.24 17/6/87	60.39 6/7/75
49	INDUSTRIAL GROUP (483)	1175.33	−1.4	6.82	2.78	18.54	11.44	1192.33	1203.21	1194.65	860.50	1203.21 17/6	860.46 2/1	1203.21 17/6/87	59.01 13/12/74
51	Oil & Gas (17)	2225.63	+0.8	4.91	4.15	26.37	37.29	2208.69	2216.30	2193.97	1201.22	2225.83 19/6	1505.69 5/1	2225.83 19/6/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1264.47	−1.1	6.53	2.98	19.41	13.70	1278.52	1289.11	1279.37	891.20	1289.11 17/6	915.61 2/1	1289.11 17/6/87	63.49 13/12/74
61	FINANCIAL GROUP (118)	797.99	−1.1	—	3.68	—	12.57	807.01	814.56	811.30	601.60	814.56 17/6	615.75 2/1	814.56 17/6/87	55.88 13/12/74
62	Banks (8)	834.88	−1.1	16.60	4.49	7.97	15.49	843.77	853.43	856.67	627.64	856.67 16/6	685.07 14/4	856.67 16/6/87	62.44 12/12/74
65	Insurance (Life) (9)	1122.17	−2.0	—	3.75	—	28.71	1144.64	1164.73	1166.07	864.52	1166.07 16/6	869.23 2/1	1166.07 16/6/87	44.88 2/1/75
66	Insurance (Composite) (7)	597.02	−0.3	—	4.10	—	11.76	598.71	606.81	601.11	480.88	606.81 17/6	456.52 2/1	606.81 17/6/87	43.96 13/12/74
67	Insurance (Brokers) (9)	1228.07	+0.5	8.76	4.39	14.71	26.32	1221.52	1214.93	1198.85	1173.33	1238.84 13/5	1089.71 14/4	1315.27 12/2/86	65.86 16/12/74
68	Merchant Banks (11)	401.10	−0.2	—	3.20	—	4.41	401.96	403.81	401.50	376.95	403.81 17/6	345.85 2/1	403.81 17/6/87	31.21 7/1/75
69	Property (46)	1217.56	−1.8	3.78	2.40	34.39	10.92	1239.34	1244.28	1232.61	784.74	1244.28 17/6	805.82 5/1	1244.28 17/6/87	56.01 20/4/65
70	Other Financial (28)	515.76	−1.2	6.43	3.88	19.60	5.42	522.16	525.33	519.62	345.25	525.33 17/6	365.01 2/1	525.33 17/6/87	33.29 17/12/74
71	Investment Trusts (93)	1068.05	−0.2	—	2.24	—	10.58	1070.42	1072.50	1064.21	751.34	1072.50 17/6	867.57 2/1	1072.50 17/6/87	71.12 13/12/74
81	Mining Finance (2)	492.42	+0.5	6.21	3.37	18.94	6.79	490.05	485.01	496.22	267.46	558.62 20/5	341.86 2/1	558.62 20/5/87	66.31 30/9/74
91	Overseas Traders (11)	1051.35	−0.1	8.64	4.41	13.73	22.64	1052.56	1054.11	1055.15	673.74	1079.08 2/6	778.26 2/1	1079.08 2/6/87	97.37 6/1/75
99	ALL-SHARE INDEX (724)	1137.25	−1.0	—	3.08	—	13.26	1149.23	1158.35	1150.71	806.60	1158.35 17/6	835.48 2/1	1158.35 17/6/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	June 18	June 17	June 16	June 15	June 12	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ‡	2266.1	−27.1	2284.0	2254.4	2293.2	2320.4	2309.0	2307.6	2289.5	1637.2	2320.4 17/6	1674.5 2/1	2320.4 17/6/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri June 19	Day's change %	Thurs June 18	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	123.82	−0.36	124.32	0.06	5.53
2	5-15 years	142.95	−0.82	144.14	—	7.22
3	Over 15 years	153.36	−0.97	155.04	0.17	6.85
4	Irredeemables	167.92	−1.09	169.76	—	6.30
5	All stocks	139.44	−0.72	140.50	0.05	6.64
	Index-Linked					
6	5 years	121.97	+0.10	121.84	—	1.57
7	Over 5 years	116.00	+0.21	116.05	0.29	1.71
8	All stocks	116.32	+0.20	116.35	0.26	1.69
9	Debentures & Loans	124.06	−0.89	125.17	—	5.86
10	Preference	90.02	+0.16	89.88	—	3.81

	AVERAGE GROSS REDEMPTION YIELDS		Fri June 19	Thurs June 18	Year ago (approx.)	1987 Highs	1987 Lows
	British Government						
1	Low	5 years	8.11	7.96	7.64	9.78 2/1	7.52 11/5
2	Coupons	15 years	8.87	8.75	9.10	10.08 2/1	8.53 8/5
3		25 years	8.88	8.76	9.18	10.08 2/1	8.55 8/5
4	Medium	5 years	9.01	8.82	9.24	10.80 2/1	8.39 8/5
5	Coupons	15 years	9.12	8.98	9.43	10.39 2/1	8.74 8/5
6		25 years	9.12	8.98	9.44	10.18 2/1	8.75 8/5
7	High	5 years	9.18	9.00	9.36	10.84 2/1	8.58 8/5
8	Coupons	15 years	9.24	9.10	9.59	10.57 2/1	8.86 8/5
9		25 years	9.02	8.90	9.48	10.24 2/1	8.72 8/5
10	Irredeemables †		8.92	8.82	8.93	10.06 2/1	8.67 8/5
	Index-Linked						
11	Inflat'n rate 5%	5 yrs	2.45	2.47	3.79	3.95 2/1	2.03 20/5
12	Inflat'n rate 5%	Over 5 yrs	3.75	3.76	3.40	3.87 2/1	3.30 6/4
13	Inflat'n rate 10%	5 yrs	2.10	2.10	2.54	2.57 16/4	0.85 24/3
14	Inflat'n rate 10%	Over 5 yrs	3.68	3.68	3.23	3.71 2/1	3.17 27/3
15	Debs &	5 years	9.78	9.66	10.00	11.46 2/1	9.46 12/6
16	Loans	15 years	10.02	9.89	10.25	11.30 2/1	9.79 23/3
17		25 years	10.10	9.98	10.32	11.30 2/1	9.84 23/3
18	Preference †		10.08	10.10	10.41	11.83 2/1	10.08 19/6

‡ Opening index 2278.6; 10 am 2281.2; 11 am 2269.0; Noon 2256.1; 1 pm 2261.3; 2 pm 2260.8; 3 pm 2260.6; 3.30 pm 2259.4; 4 pm 2262.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Sunlight Services (48) has been deleted and replaced by Polypipe (2).

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 92 COMPANIES

The table below shows statistics from the reports of 92 companies with financial years ending in the period between July 1 and September 30 last year. The figures are in £m. Corresponding figures for the previous year are in brackets.

The Financial Times have decided to discontinue publication of the Trend of Industrial Profits analysis. The following table contains the last available figures.

INDUSTRY	No. of Co's.	Turnover (1)	Profits Before Int. & Tax (2)	Pre-tax Profits (3)	% change	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current Assets (10)
BUILDING MATERIALS	2	827.6 (609.4)	57.3 (38.6)	52.4 (35.2)	+35.2	19.2 (12.4)	32.8 (22.7)	+44.5	11.5 (6.5)	+76.9	34.72 (24.2)	301.2 (187.1)	19.0 (20.6)	155.1 (107.0)
CONTRACTING CONSTRUCTION	4	430.8 (306.7)	47.3 (34.2)	37.3 (24.2)	+5.8	13.6 (8.2)	23.6 (16.2)	+45.7	5.7 (4.2)	+35.7	21.1 (13.9)	236.3 (182.4)	20.0 (18.8)	138.4 (99.9)
ELECTRICALS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
ELECTRONICS	5	199.0 (202.3)	31.6 (39.3)	28.4 (36.0)	−21.1	10.4 (12.3)	17.6 (22.9)	−23.1	5.8 (5.3)	+9.4	19.6 (24.2)	152.2 (131.8)	20.8 (29.8)	81.6 (71.6)
MECHANICAL ENGINEERING	7	1,058.3 (1,046.4)	97.9 (97.2)	84.8 (82.5)	+2.8	34.3 (33.3)	50.3 (47.6)	+5.7	23.3 (20.8)	+12.0	53.3 (53.6)	557.6 (537.7)	17.6 (18.1)	285.0 (249.5)
METALS AND METAL FORMING	2	304.7 (335.6)	30.1 (20.0)	24.7 (12.5)	+97.6	7.5 (8.0)	14.3 (3.5)	+308.6	6.3 (4.8)	+31.3	17.3 (8.5)	158.6 (183.7)	19.0 (10.9)	45.3 (46.6)
MOTORS	3	1,914.9 (1,756.0)	169.4 (114.4)	130.1 (80.0)	+62.6	21.8 (15.1)	100.8 (63.6)	+58.5	20.3 (13.8)	+47.1	142.1 (92.8)	1,057.8 (944.6)	16.0 (12.1)	324.2 (251.8)
OTHER INDUSTRIAL MATERIALS	1	688.6 (713.9)	97.2 (91.6)	90.4 (74.7)	+21.2	33.5 (29.3)	56.4 (45.1)	+25.1	25.4 (20.7)	+22.7	64.5 (55.5)	531.7 (572.8)	18.3 (16.0)	125.2 (78.1)
TOTAL CAPITAL GOODS	24	5,423.9 (5,024.3)	530.8 (435.3)	448.1 (345.3)	+30.0	140.3 (118.6)	295.8 (221.6)	+33.5	98.3 (76.1)	+29.2	352.6 (272.7)	2,995.4 (2,740.1)	17.7 (15.9)	1,154.8 (904.5)
BREWERS AND DISTILLERS	9	8,888.4 (8,815.5)	925.9 (864.4)	764.9 (689.9)	+10.9	230.9 (200.4)	525.8 (483.5)	+8.8	165.2 (148.6)	+11.6	594.0 (564.1)	6,032.8 (5,829.6)	15.4 (14.8)	143.5 (357.6)
FOOD MANUFACTURING	5	13,206.1 (10,870.4)	390.5 (352.8)	236.6 (200.8)	+17.8	95.8 (70.8)	127.3 (114.2)	+11.5	58.9 (51.1)	+15.3	163.1 (142.6)	2,319.8 (2,013.8)	16.8 (17.5)	486.3 (329.1)
FOOD RETAILING	4	1,265.0 (1,100.2)	63.7 (50.2)	60.2 (47.9)	+25.7	20.1 (19.1)	39.7 (28.7)	+38.3	12.7 (9.6)	+32.3	39.6 (28.6)	265.2 (192.2)	24.0 (26.1)	−18.1 (−5.3)
HEALTH AND HOUSEHOLD PRODUCTS	1	1,005.4 (1,003.6)	152.7 (152.1)	125.3 (121.7)	+3.0	62.8 (56.7)	65.1 (68.9)	−5.5	11.1 (17.5)	−36.6	87.88 (83.5)	810.8 (743.0)	18.8 (20.5)	362.0 (325.0)
LEISURE	4	1,236.1 (1,170.7)	147.5 (108.1)	129.5 (95.6)	+35.5	52.5 (44.4)	75.2 (50.0)	+50.4	30.2 (24.5)	+23.3	196.5 (162.0)	817.9 (660.9)	18.0 (16.4)	−79.3 (−98.5)
PUBLISHING AND PRINTING	2	589.3 (481.0)	63.1 (44.3)	54.1 (42.5)	+27.3	17.6 (18.0)	35.3 (23.2)	+52.2	8.9 (5.7)	+56.1	56.1 (37.9)	524.6 (389.7)	12.0 (11.4)	67.8 (39.4)
PACKAGING AND PAPER	2	203.2 (177.2)	16.6 (13.9)	15.7 (13.1)	+19.9	5.7 (5.1)	9.6 (7.8)	+23.1	2.9 (2.1)	+38.1	9.3 (7.6)	62.4 (47.5)	26.6 (29.3)	33.6 (25.6)
STORES	3	1,436.2 (706.4)	219.9 (106.0)	179.6 (101.4)	+77.1	70.8 (37.2)	108.7 (64.2)	+69.3	43.2 (26.8)	+61.2	106.3 (58.6)	3,272.9 (904.7)	6.7 (11.7)	−12.7 (−171.9)
TEXTILES	1	57.2 (54.6)	6.7 (6.2)	6.2 (5.7)	+8.8	2.9 (2.3)	3.3 (3.4)	−2.9	1.8 (1.4)	+28.6	3.1 (3.2)	34.4 (29.5)	19.5 (21.0)	23.6 (22.7)
TOTAL CONSUMER GROUP	31	27,886.9 (24,379.6)	1,986.6 (1,698.0)	1,572.1 (1,318.6)	+19.2	559.1 (454.0)	990.0 (843.9)	+17.3	334.9 (287.3)	+16.6	1,255.8 (1,088.1)	14,140.8 (10,810.9)	14.1 (15.7)	1,006.7 (823.7)
AGENCIES	2	2,145.3 (1,345.5)	95.0 (57.9)	84.6 (52.3)	+61.8	31.7 (19.8)	45.9 (29.6)	+55.1	15.9 (8.9)	+78.7	44.8 (28.8)	256.0 (140.0)	37.1 (41.4)	78.2 (84.2)
CHEMICALS	3	2,010.6 (1,954.5)	316.7 (308.4)	220.9 (209.4)	+5.5	47.6 (35.3)	159.5 (162.1)	−1.6	50.5 (41.7)	+21.0	260.6 (265.3)	2,011.6 (2,188.0)	15.7 (14.1)	365.3 (346.7)
CONGLOMERATES	1	4,312.0 (2,674.0)	714.0 (374.6)	464.0 (252.8)	+83.5	60.0 (64.2)	395.0 (187.0)	+111.2	113.0 (58.0)	+94.8	355.0 (181.6)	5,366.0 (2,378.0)	13.3 (15.8)	3,065.0 (1,155.0)
SHIPPING AND TRANSPORT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS	3	2,423.6 (2,257.9)	178.6 (181.8)	140.6 (156.3)	−10.0	18.4 (12.8)	116.3 (136.3)	−14.7	50.0 (41.8)	+19.6	140.5 (158.0)	1,184.9 (1,042.3)	15.1 (17.4)	381.0 (271.7)
TOTAL INDUSTRIAL GROUP	64	44,202.3 (37,635.8)	3,821.7 (3,056.0)	2,930.3 (2,334.7)	+25.5	857.1 (704.7)	2,002.5 (1,580.5)	+26.7	662.6 (513.8)	+29.0	2,409.3 (1,994.5)	25,954.7 (19,299.3)	14.7 (15.8)	6,051.0 (3,585.8)
OILS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
BANKS	1	— (—)	221.8 (197.0)	177.0 (164.5)	+7.6	62.9 (73.0)	113.1 (91.3)	+23.9	30.7 (27.2)	+12.9	113.0 (88.1)	1,562.7 (1,222.7)	14.2 (16.1)	1,086.6 (777.6)
INSURANCE (LIFE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (COMPOSITE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	1	— (—)	5.1 (3.2)	5.0 (3.0)	+66.7	2.0 (1.4)	3.1 (1.7)	+82.4	0.9 (0.6)	+50.0	2.4 (1.3)	6.7 (5.2)	76.1 (61.5)	5.2 (3.8)
MERCHANT BANKS	1	— (—)	— (—)	— (—)	—	— (—)	15.6 (13.2)	+18.2	5.9 (4.6)	+28.3	11.2 (10.1)	*185.6 *(188.4)	— (—)	46.0 (3.6)
PROPERTY	5	— (—)	139.3 (118.6)	77.4 (66.9)	+15.7	26.6 (23.7)	50.1 (42.6)	+17.6	36.1 (31.2)	+15.7	15.9 (12.7)	1,946.4 (1,708.4)	7.2 (6.9)	29.5 (−56.3)
OTHER FINANCIAL	3	— (—)	27.4 (19.6)	27.4 (19.6)	+39.8	10.2 (8.1)	17.1 (11.3)	+51.3	7.1 (5.4)	+31.5	11.9 (7.4)	96.7 (71.7)	28.3 (27.3)	0.4 (5.7)
TOTAL FINANCIAL GROUP	11	— (—)	393.6 (338.4)	286.8 (254.0)	+12.9	101.7 (106.2)	199.0 (160.1)	+24.3	80.7 (69.0)	+17.0	154.4 (119.6)	†(3,612.5) †(3,008.0)	10.9 (11.3)	1,167.7 (734.4)
INVESTMENT TRUSTS	14	— (—)	64.0 (48.9)	48.7 (41.7)	+16.8	16.4 (14.6)	30.8 (26.7)	+15.4	28.5 (25.2)	+13.1	2.1 (2.0)	1,891.6 (1,180.4)	3.4 (4.1)	30.8 (64.9)
MINING FINANCE	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OVERSEAS TRADERS	3	2,951.9 (2,820.3)	343.0 (326.5)	246.1 (231.0)	+6.5	79.4 (89.9)	145.1 (125.4)	+15.7	44.4 (38.2)	+16.2	138.7 (126.6)	1,994.2 (1,752.1)	17.2 (18.9)	262.2 (209.6)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc. and Preference dividends and
3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks a more realistic figure to quote is the balance sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, and insurance (life and composite).

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

‡ No figures given.

London & Scottish banks' balances

as at May 31 1987

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.

AGGREGATE BALANCES	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK monetary sector	30,222		+2,065	
UK private sector	113,639		+2,365	
UK public sector	3,862		+ 347	
Overseas residents	16,270		+ 955	
Certificates of deposit	9,633		+ 343	
		173,027		+6,075
of which: Sight		77,447		+5,186
Time (inc. CDs)		95,580		+ 889
Foreign currency deposits:				
UK monetary sector	17,768		+ 666	
Other UK residents	8,063		+ 169	
Overseas residents	45,820		+2,525	
Certificates of deposit	5,368		+ 30	
		76,979		+3,389
Total deposits		250,006		+9,464
Notes in circulation		1,018		+ 32
Other liabilities*		44,036		+1,152
TOTAL LIABILITIES		295,060		+10,649
ASSETS				
Sterling				
Cash and balances with Bank of England:				
Cash ratio deposits	528		0	
Other balances	2,350		+ 169	
		2,877		+ 169
Market loans:				
Discount houses	5,088		+ 171	
Other UK monetary sector	30,298		+1,575	
UK monetary sector CDs	4,322		+ 151	
Local authorities	1,191		− 26	
Other	5,728		− 226	
		46,626		+1,645
Bills:				
Treasury bills	352		− 50	
Other bills	4,488		+ 231	
		4,840		+ 181
Investments:				
British Government stocks	5,978		− 314	
Other	5,544		+ 267	
		11,522		− 47
Advances:				
UK private sector	112,279		+2,769	
UK public sector	389		− 27	
Overseas residents	6,313		− 27	
		118,981		+2,715
Other sterling assets*		18,535		+1,527
Foreign currencies				
Market loans:				
UK monetary sector	17,838		+ 678	
Certificates of deposit	477		+ 13	
Other	36,611		+2,844	
		54,926		+3,535
Bills		386		− 14
Advances:				
UK private sector	9,624		+ 619	
UK public sector	796		+ 37	
Overseas residents	16,035		+ 220	
		26,455		+ 876
Other foreign currency assets*		9,901		+ 122
TOTAL ASSETS		295,060		+10,649
Acceptances		4,463		− 852
Eligible liabilities		128,915		+3,203

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUP BALANCES

	CLSB groups £m	Bank of Scotland £m	Barclays £m	Lloyds £m	Midland £m	National Wstmnstr. £m	Royal Bk. of Scot. £m	Standard Chartered £m	TSB £m
LIABILITIES OUTSTANDING									
Sterling deposits	173,027	6,482	38,762	27,114	27,166	48,332	9,989	3,581	11,601
Change on month	+6,075	+116	+1,921	+546	+657	+2,386	+121	−112	+440
Foreign currency deposits	76,979	1,110	15,129	9,691	14,704	23,664	4,016	8,516	149
Change on month	+3,389	+28	+623	+729	−356	+2,032	+117	+201	+15
Total deposits	250,006	7,591	53,891	36,804	41,870	71,997	14,005	12,098	11,750
Change on month	+9,464	+143	+2,544	+1,276	+300	+4,418	+238	+89	+455
STERLING ASSETS OUTSTANDING									
Cash and balances with the Bank of England	2,877	396	411	225	578	541	588	15	133
Change on month	+169	+33	−49	0	+104	−42	+106	−9	−33
Market loans—UK monetary sector	35,385	809	7,151	4,310	4,728	13,829	1,548	794	2,217
Change on month	+1,746	−18	+694	−14	+44	827	+39	−107	+280
Other	11,241	115	2,887	1,618	964	3,168	487	279	1,720
Change on month	−101	−53	+84	+34	−343	+252	−3	−52	−20
Bills	4,840	183	1,328	1,458	117	858	332	61	502
Change on month	+181	+3	+115	+94	−8	−95	−1	0	+73
British Government stocks	5,978	189	866	563	1,125	719	226	189	2,100
Change on month	−314	+20	+3	+12	−286	−8	−7	−21	−26
Advances	118,981	5,593	27,777	18,910	20,026	30,115	7,851	2,900	5,810
Change on month	+2,715	+120	+929	+178	+367	+772	+79	+119	+151
FOREIGN CURRENCY ASSETS OUTSTANDING									
Market loans and bills	55,322	409	11,257	7,758	8,038	19,072	2,713	5,877	97
Change on month	+3,521	−29	+673	+623	+209	+1,758	+137	+146	+3
Advances	26,455	852	3,891	2,527	7,006	6,004	1,610	3,565	91
Change on month	+876	+48	−18	+239	+215	+209	+15	+148	+19
ACCEPTANCES OUTSTANDING	4,463	222	965	330	1,093	1,005	404	287	158
Change on month	−852	−6	−412	−5	−172	−211	−37	−15	+7
ELIGIBLE LIABILITIES OUTSTANDING	128,915	5,581	29,469	21,122	21,564	31,893	7,839	2,608	8,789
Change on month	+3,203	+125	+1,214	+314	+184	+1,124	+34	+57	+150

OFFER FOR ELECTRONICS SYSTEMS GROUP

Chrysler in $367m diversification

BY ANATOLE KALETSKY IN NEW YORK

CHRYSLER yesterday agreed to buy Electrospace Systems Inc a Texas-based defence electronics contractor, in a deal worldwide pattern of major worth $367m which fits into a motor manufacturers diversifying into aerospace and electronics industries.

Under the agreed deal, Chrysler, the third largest US motor group, will make a tender offer of $27 a share for Electrospace Systems, which had been trading on the New York Stock Exchange at around $18 a month ago, when the company announced that it was seeking a buyer.

Yesterday morning, Electrospace shares declined $3⅜ to $26¾, after Chrysler made clear its $27 offer was final and the four founding shareholders in Electrospace revealed that they had given Chrysler options to buy their 38 per cent stake in the company at $27 a share.

Electrospace had sales of $191m and net income of $18m last year, the great bulk of its business coming from military contracts. Its most important business, accounting for 40 per cent of sales, was the design and manufacture of military and communication and control (C3) systems. Its other activities include electronic aircraft modification, switching and intelligence systems, technical services and communications equipment.

For Chrysler, the acquisition will add significantly to the scope of its Gulfstream Aerospace subsidiary, which is trying to broaden its business in both the military and general aviation markets.

The deal will also strengthen Chrysler in a field where its main US competitors have been making major investments, partly on the grounds that technologies are converging in automotive and aerospace electronics.

In 1985, General Motors acquired Hughes Aircraft, one of the largest US defence electronics firms, for $5bn. Ford has a major presence in defence electronic:

National Semi back in the black

BY LOUISE KEHOE IN SAN FRANCISCO

THE US semiconductor and computer manufacturer, National Semiconductor, has announced its first profit in nine quarters, reflecting a broad improvement in the US semiconductor market.

Fourth-quarter net income was $8.1m, or 6 cents per share, compared with a net loss of $7.1m, or 10 cents a share in the same period a year ago. Sales rose to $511.9m from $397.8m in the fourth quarter of fiscal 1986. The improvement was not, however, sufficient to balance loses earlier in the year. For fiscal 1987, National reported losses of $24.6m or 38 cents a share), compared with a net loss of $91.5m or $1.10 in 1986.

Net sales for the year were $1.89bn, an increase of 26.4 per cent over 1986 sales of $1.47bn and a new record for the company.

"I am pleased that National achieved both record sales for a fourth quarter and fiscal year, but more importantly that National returned to profitabilty during the fourth quarter," said Mr Charles Sporck, president and chief executive.

National's improvement was fuelled by record sales and profits in its information systems group, which sells IBM plug-compatible mainframe computers and supermarket point of sales computer systems. National's key semiconductor group was also profitable in the fourth quarter, however, for the first time in over two years.

Over the past few years National has increased its emphasis on proprietary chip products such as microprocessors, which generally carry higher profit margins, throwing off its image as a "commodity" supplier of standard chips. The company said that 80 per cent of the chip products it introduced in fiscal 1987 were proprietary.

In the fourth quarter, National improved its balance sheet with a $196.6m offering of stock and warrants.

"We are encouraged by the improvement in orders, which both core businesses have experienced," Mr Sporck concluded. "Our strong balance sheet and the improved business environment should enable us to improve our financial performance during our new fiscal year."

Bull pushes on with smart cards

By Paul Betts in Paris

BULL, the French state-owned computer group, is planning to pursue development of its ambitious memory-chip "smart card" technology despite continuing losses at its smart card subsidiary Bull CP8.

Mr Francis Lorentz, Bull's president, emphasised yesterday that the group was firmly committed to its smart card operations and that Bull "has no intention" of selling its smart card subsidiary. He said that although Bull CP8 was still losing money, France had gained a world lead in this technology.

Mr Lorentz was responding to recent speculation that Bull was considering shedding its smart card subsidiary after replacing Bull CP8's chief executive, Mr Herve Nora with Mr Jean-Louis Coulon.

After investing about FFr 350m ($57.5m) in smart card technology during the past four years, Bull is now hoping to see the subsidiary finally break even next year. The offshoot lost FFr 28m on sales of FFr 175m last year after a deficit of FFr 22m on sales of FFr 58m the year before.

Mr Coulon said sales were expected to increase to FFr 250m this year and losses decline to about FFr 15m. However, sales are expected to reach about FFr 400m next year when the company should be breaking even, he added.

In the US, where Bull CP8 opened a manufacturing facility in Dallas last November, losses totalled $4.2m last year on sales of only $650,000. But losses in the US should also come down next year where sales are targeted to grow to $2.5m.

Mr Lorentz said Bull had kept up a sizeable level of research and development and investment spending for its smart card operations. He said Bull knew it would lose money when it started up the smart card operation although the losses had been higher than expected.

He also acknowledged that Bull had perhaps underestimated at the beginning the time it would take for the market for smart cards to develop.

Indeed, the French banking system has taken longer than originally expected to introduce the widespread use of smart cards in banking operations. However, the French banks recently announced that they were going ahead with the smart card programmes with the issue of 1m cards by the end of this year and 4m by the end of next year.

Bull has also sought to diversify smart card applications into other markets. Use of micro-chip cards for French pay telephones is now sharply increasing while social security, medical, university and other administrations are finding revolutionary applications for smart cards.

Mr Lorentz also said yesterday that Bull was interested in opening the capital of its smart card subsidiary to minority partners. But he stressed that the computer group, which has staged a spectacular financial recovery during the past few years and has recently constituted a major computer joint venture with Honeywell and NEC of Japan, wanted to retain firm control of the smart card subsidiary.

Downturn at Olympus Optical

By Our Tokyo Staff

OLYMPUS OPTICAL, the Japanese company which was one of the pioneers of single lens reflex cameras, has reported a 1.2 per cent fall in its pre-tax profits to Y3.08bn ($21.2m) in the half-year ended April.

Net profits plunged to Y1.34bn, down 86 per cent from the previous year. Sales declined slightly from Y60.98bn to Y60.92bn.

The company will pay an interim dividend of Y6.5, unchanged from the previous year.

Olympus has a competitive edge in the endoscope market. It boasts a 70 per cent share of the world market for this type of diagnostic equipment—a competitive position which has enabled the company to raise its foreign currency-denominated selling prices. Stagnant sales of video cameras, semi-conductor-related microscopes and CD pickups were offset by higher sales of endoscopes.

The yen's appreciation squeezed export earnings by Y4.3bn. However, operating profits improved by 30.5 per cent due to higher export prices in response to the yen's rise as well as to cost cutting efforts.

Full-year sales are projected at Y122bn, up 1 per cent, and pre-tax profits at Y5.5bn, up 12 per cent from the previous year.

●Yaskawa Electric Manufacturing, a major Japanese maker of automation equipment and motors, reports a 94 per cent fall in consolidated net earnings for the year ended March, to Y188m from Y3.14bn the previous year. Per-share net dropped to Y0.88 from Y14.69. Sales were 10.9 per cent lower at Y146.6bn,

Isuzu Motors tumbles into red in first six months

BY YOKO SHIBATA IN TOKYO

ISUZU MOTORS, the large Japanese commercial vehicles maker in which General Motors has a 38.6 per cent equity stake, tumbled into a pre-tax loss of Y12.52bn ($86.3m) in the half-year to April.

A sharp deterioration from the previous year's pre-tax profit of Y4.44bn was attributed to slipping export profitability caused by the yen's rise and weaker than expected sales of small trucks.

The company also reported a net loss of Y12.92bn, against net profits of Y1.65bn in the previous year.

Sales of large trucks declined sharply during the half-year, largely because of a slowdown in exports to China. Sales of small trucks were 10 per cent lower than projected, resulting in a 16 per cent decline in overall turnover to Y443.9bn.

The company's efforts to minimise the effects of the yen's rise, such as cutting down component costs and reducing the workforce, failed to offset the erosion of earnings in the export sector.

For the remaining half-year to October 1987, Isuzu continues to suffer sluggish export sales centred on large trucks, though it expects recovery in domestic sales of medium-sized and large trucks.

The company's measures to offset the yen's appreciation are expected to begin to show an effect, and losses are expected to be reduced in the second half year.

Full-year car sales are expected to fall by 7 per cent to around 550,000 units.

Full year turnover is projected at Y910bn, down 10 per cent from the previous year. The companys is expected to register full-year pre-tax losses of Y14bn, against the previous year's pre-tax loss of Y2bn. Net losses are forecast at Y15bn, compared with net losses of Y3.98bn in the previous year.

Gain at net level for Itoh

C. ITOH, Japan's largest trading house in terms of turnover, has reported an 8.6 per cent gain in consolidated net profits to Y20.07bn ($138.4m) in the year ended March 31. Consolidated sales declined by 7.2 per cent to Y14,762.4bn, writes Yoko Shibata.

C. Itoh has recently attracted wide public attention for its corporate structural adjustment, diversifying into such non-traditional areas as telecommunications and other high technology sectors where it has identified markets arising from the industrial shakeout under way in Japan.

The company is particularly active in telecommunications through such initiatives as the "alternative international telephone project (or second KDD)," together with Cable and Wireless of the UK.

In the past year, the combined effects of the strong yen and lower oil prices reduced import, export and offshore transactions.

Gross trading profits declined by Y22.5bn to Y260.7bn. Profits from unconsolidated subsidiaries and affiliates climbed to Y7bn—an increase of Y1.4bn from the previous year.

Second thoughts on Gillette deal

BY JAMES BUCHAN IN NEW YORK

STOCK IN Gillette, the US razor and consumer products company, fell back in early trading yesterday as the market had second thoughts about the likelihood of a takeover of the company.

Gillette stock, which has been rising all month on bid speculation, dropped $1½ to $39 yesterday morning in very heavy trading, despite an attempt late on Thursday by Mr Ronald Perelman to meet one of Gillette's principal objections to his $40.50 a share or $4.6bn offer for the company.

Revlon, the beauty products company recently taken private by Mr Perelman, said on Thursday night that it would waive a special provision of an agreement between the two companies which could provide Revlon with $200m or more if Gillette were taken over by another company.

The provision is part of a complex deal reached last November, whereby Revlon received a market premium for a block of stock in Gillette in return for dropping a $32.50-a-share offer and promising not to make another without Gillette's consent.

Analysts believe that the waiver shows that Revlon, which says it owns no stock in Gillette, is not simply trying to flush out another bidder but is seriously interested in acquiring the Boston company. But they suggest that Gillette may be considering a friendly deal with another company — possibly Ralston Purina, the pet-food giant—that would further hinder a takeover.

Gillette dominates the US market for razor blades and makes other well-known products, such as Right Guard deodorant and Braun shavers. It earned $181m last year before special charges, on sales of $2.8bn.

Bell Atlantic plans to expand in Europe

BY DAVID THOMAS

BELL ATLANTIC, one of the large US regional telephone companies, is planning to become more heavily involved in Europe, including building up its consultancy business and making acquisitions in the computer maintenance field.

The company is one of seven spun off from American Telephone & Telegraph in 1984 and reported net income of $1.17bn on sales of $9.32bn last year. It has done little business in Europe so far.

However, it has acted as a consultant to British Telecom in introducing a new service called Centrex, which allows businesses to get many of the services normally available on modern private exchanges from a central exchange located in the telephone company's office.

Centrex services are common in the US, but are only just being introduced into Europe.

Mr Thomas Bolger, Bell Atlantic's chairman and chief executive, said the company had been talking to many telephone administrations throughout Europe about helping them to introduce Centrex. Italy, West Germany, Spain, Switzerland and Finland are among the countries where these discussions have reached an advanced stage, he said.

Bell Atlantic also hopes to sell a software system to European telephone authorities which it says could greatly improve their efficiency. The company would provide training and installation advice for the system, which it uses in its own operations.

Mr Bolger said Bell Atlantic was close to signing deals with two European telephone administrations for this software system.

Bell Atlantic also wants to extend into Europe its computing and telecommunications equipment selling, leasing, maintenance and service business. The company now generates revenues of about $1bn from this business, which it has built up throughout the US since 1984.

The company has been considering acquisitions in the computer maintenance area in Europe. Mr Bolger said it would probably start by acquiring a European computer maintenance company with annual revenues of about $50m.

Mr Bolger also disclosed that Bell Atlantic would like to form a joint venture with a telephone exchange manufacturer to help develop the next generation of digital exchanges, if the US authorities remove present restrictions on the Bell compaines' activities in this area.

Bell Atlantic has already held talks with Northern Telecom of Canada, Siemens of West Germany and Ericsson of Sweden about this.

The US group is also considering seeking a listing on the Frankfurt stock exchange. It is already listed in London, Zurich, Geneva and Basle.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1987 High	1987 Low
METALS					
Aluminium					
Free Market c.i.f.	$1595/615	—5	$1285/305	$1620/1640	$1285/1225
Antimony					
Free Market 99.6%	$2300/2550	—50	$2625/2675	$2400/2600	$2250/2500
Copper-Cash Grade A	£965.5	—0.5	£951.5	£976	£870.25
3 months Grade A	£955.5	+9.25	£945.5	£957.75	£849.5
Gold per oz	$449.5	—6.5	$347.75	$475	$390.25
Lead Cash	£375.5	—9.5	£284	£445	£288.75
3 months	£357.25	—2	£288	£387.25	£280.75
Nickel					
Free market	208/226c	+1	188/208c	214/234c	156/177c
Palladium	$139.50	—	$112.00	$161.00	$117.15
Platinum per oz	$571.50	—16.5	$449.00	$646.50	$476.75
Quicksilver (76lbs)	$240/250	—10	$210/220	$270/280	$150/160
Silver per oz	460.80p	—14.55	349.80p	653.50p	344.40p
3 months per oz	471.20p	—14.30	357.60p	668.20p	352.70p
Tin					
Free market	£4,150/160	+75	£3630/655	£4,610/640	£4,090/100
Tungsten Ind	$55.16	—	$59.13	$59.16	$41.44
Wolfram (22.04 lbs)	$48/55	—	$42/50	$50/55	$32/42
Zinc cash	£524.5	—37	£546.5	£567	£448.5
3 months	£506.5	—24.75	£548.5	£550.5	£448
Producers	$842	—	$840	$870	$770/790
GRAINS					
Barley Futures Sept.	£96.00	—1.15	£97.40	£118.55	£95.00
Maize French	£155.00	+2	£134.50	£155.00	£142.00
WHEAT Futures Sept	£99.25	—0.35	£99.00	£125.50	£99.25
SPICES					
Cloves	‡	—	$4650	$5,800	$3,800
Pepper white	‡	—	$4800	$6,400	$4,900
black	‡	—	$3750	$4,900	$4,200
OILS					
Coconut (Philippines)	‡	—	$2675	$475	$320
Palm Malayan	‡	—	$247.5	$390	$300
SEEDS					
Copra (Philippines)	$295y	+4.5	$160	$300	$220
Soyabeans (U.S.)	$160.5	+4.5	$152	$162.5	$133.5
OTHER COMMODITIES					
Cocoa Futures Sept	£1260	+38.5	£1322.5	£1,439.5	£1,219.5
Coffee Futures Sept	£1255.5	—51	£1841.5	£1655.5	£1,244
Cotton Outlook A Index	81.25c	+1.4	41.80c	82.25c	62.65c
Gas Oil Fut. Aug	$158.5	+2	$122	$168	$125.5
Jute LJA BWC grade	$380	+20	$290	$380	$280
Rubber kilo	62.25p	—1.25	57p	67.25p	60p
Sisal No. 3L	$610	—	$620	$610	$610
Sugar (Raw)	$171.4x	+0.8	$157	$204	$139.5
Tea (quality) kilo	142p	+2	190p	180p	140p
(low med) kilo	52p	—	85p	111p	52p
Wooltops 64s Super	467p kilo	—	422p kilo	485p kilo	416p kilo

‡ Unquoted. (v) July. (2) June/July. (x) July/Aug. (y) Aug.

ALUMINIUM

99.7% purity	Unofficial (close p.m.) $ per tonne	+ or —	High/Low
Cash	—	—	—
3 months	1584-6	+4	—

Official closing (am): Cash — (—), three months 1579-81 (1577-8), settlement — (—). Final kerb close: —.
Turnover: — tonnes.

99.5% purity	£ per tonne		
Cash	925-6	+8.6	921/920
3 months	913-4	+8	916/906

Official closing (am): Cash 919-20 (915-6), three months 906-7 (900-1), settlement 920 (916). Final kerb close: 913.5-14.
Turnover: 13,050 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	965-6	—4.5	961/960
3 months	955-6	+3	958/948.5

Official closing (am): Cash 959-60 (967-8), three months 948-9 (950-1), settlement 960 (968). Final kerb close: 956.5-57.

Standard			
Cash	959-61	—1	955
3 months	933-35	+1.5	—

Official closing (am): Cash 953-5 (967-8), three months 948-9 (950-1), settlement 960 (968). US Producer prices 73.75-78.5 cents per lb.
Total turnover: 29,475 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	375-6	+3	377/378
3 months	354-5	+2.75	358/353.5

Official closing (am): Cash 375-6 (379-80), thre months 356-7 (358-9), settlement 375 (380). Final kerb close: 357-8.
Turnover: 10,175 tonnes. US Spot: 24-37 cents per lb.

NICKEL

	Unofficial close (p.m.) £per tonne	+ or —	High/Low
Cash	2825-30	+35	2805
3 months	2827-30	+39	2865/840

Official closing (am): Cash 2800-5 (2788-93), three months 2840-5 (2821-5), settlement 2805 (2793). Final kerb close: 2855-60.
Turnover: 2,568 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	524-5	—19.5	525
3 months	506-7	—12	517/506

Official closing (am): Cash 533-5 (546-8), three months 511.5-2 (518-9), settlement 535 (548). Final kerb close: 509-10.
Turnover: 12,725 tonnes. US Prime Western: 47.5-48.5 cents per lb.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.		Puts Nov.	
Aluminium 99.7%	—	—		—	
		July	Sept.	July	Sept.
Aluminium 99.5%	1,475	44	47	18	47½
	1,500	32½	35	28½	62
	1,525	21½	26	—	—
Copper (Grade A)	1,550	39	43	27½	51
	1,575	24	31	40½	65
	1,600	16	23½	—	—
	£/tonne				
Copper (Grade A)	950	26	30	11	24
	975	14	18½	23	37
	1000	6½	11	—	—

Estimates.

SILVER

Silver was fixed 2.4p an ounce higher for spot delivery in the London bullion market yesterday at 460.8p. US cent equivalents of the fixing levels were: spot 750.2c, up 1.2c; three-month 763.6c, up 1.2c; six-month 777.45c, up 1.4c; and 12-month 805.85c, up 1.55c. The metal opened at 459¾-461½p (751-754c) and closed at 458-460p (741-744c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	460.80p	+2.40	459p	—
3 months	471.20p	+2.80	468p	—1
6 months	481.60p	+3.35	—	—
12 months	502.25p	+4.80	—	—

LME—Turnover: 2 (0) lots of 10,000 oz.
Cash high/low 460p; three months final kerb 465-8p.

TIN

KUALA LUMPUR TIN MARKET: Close 16.62 (16.60) ringgit per kg. Up 0.02 ringgit per kg.

GOLD

GOLD BULLION (fine ounce) June 19

Close	$449¼-449¾	(£277½-278)
Opening	$453¼-453¾	(£277½-278)
M'n'g fix	$453.25	(£277.386)
Aft'n'n fix	$449.00	(£277.332)
Day's high	$452½-453	—
Day's low	$447¼-447¾	—

GOLD AND PLATINUM COINS

Am Eagle	$462-467	(£288¼-288¼)
Mapleleaf	$462-465	(£285¼-287)
Kr'g'r'nd	$449-452	(£277¼-279)
½ Krug	$237-238	(£146¼-147)
¼ Krug	$119-120	(£73½-74)
Angel	$460-465	(£284-285¾)
1/10 Angel	$45¾-50¾	(£28¼-31¼)
New Sov	$106-107	(£65½-66)
Old Sov	$107-107½	(£65½-66¼)
Noble Plat	$593-603	(£366-372¼)

INDICES

REUTERS

June 18	June 17	M'th ago	Year ago
1604.7	1617.9	—	—

(Base: September 18 1931=100)

DOW JONES

Dow Jones	June 18	June 17	M'th ago	Year ago
Spot	129.06	128.67	—	125.30
Fut	126.56	126.47	—	115.26

(Base: December 31 1931=100)

COFFEE

Following a weak close on Thursday Robustas consolidated recent declines, reports Drexel Burnham Lambert. Profit-taking and scale-down buying supported the market in quiet conditions. A weak New York opening and light trade selling eased the market which closed at the day's low.

COFFEE	Yesterday close	+ or —	Business done
July	1238-1240	—3.5	1258-1236
Sept	1255-1258	+3.0	1275-1255
Nov	1280-1283	—1.0	1295-1277
Jan	1298-1300	—4.0	1313-1297
Mar	1320-1340	—8.5	1326-1320
May	1340-1350	+8.5	1346
July	1350-1370	+5.0	—

Sales: 3,318 (5,256) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for June 18: Comp daily 1979 98.19 (99.91): 15-day average 104.38 (105.21).

COCOA

ICCO indicator prices (SDRs per tonne). Daily price for June 19: 1549.12 (1555.25): 10-day average for June 22: 1530.91 (1525.85).

	Yesterday's close £ per tonne	+ or —	Business done
July	1279-1283	+4.5	1288-1272
Sept	1259-1261	+5.5	1265-1258
Dec	1284-1285	+3.6	1280-1277
March	1302-1304	+4.5	1311-1300
May	1319-1322	+3.5	1325-1319
July	1337-1340	+3.0	1345-1337
Sept	1357-1358	+4.5	1358-1356

Sales: 2,381 (3,475) lots of 10 tonnes.

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	836	840/830	847/850
Oct.	920/930	920/910	920/925
Jan.	918/930	924/910	920
Apr.	970	990	975
July	825	—	1020
Oct.	875	—	—
Jan.	910	—	900
April	1060	1060	107
BFI	938	—	948.5

Turnover: 225 (101).

GRAINS

LONDON GRAINS—US dark northern spring No. 2 14 per cent July/Aug 93.00. Sept 93.25. US No. 2 soft red winter July 85.00, Aug 86.75, Sept 88.50. French 11½-12 per cent June 143.00. English fed fob Sept 100.00/100.50, Oct 103.00/103.50 buyer/sellers, Oct/Dec 105.50 seller. Maize: US No. 3 yellow/French transhipment east coast spot 155.00. Barley: English feed fob Aug 97.50/98.00 buyer/seller, Sept 100.00, Oct/Dec 104.00 sellers, Jan/March 107.00/107.50 buyer/sellers.

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	118.75	+0.10	—	—
Sep.	99.25	—0.35	96.00	—0.50
Nov.	101.45	—0.15	98.75	—0.50
Jan.	104.15	—0.15	101.10	—0.50
Mar.	106.40	—0.25	103.30	—0.50
May	109.20	—0.40	105.35	—0.50
July	111.10	—0.35	—	—

Business done—Wheat: July 118.55, Sept 99.30-9.25, Nov 101.40-1.20, Jan 104.10-3.95, March 106.40, May 109.30-9.20, July 111.10-1.05. Sales: 151 lots of 100 tonnes. Barley: Sept 96.00, Nov 98.95-8.75, Jan 101.10, March and May untraded. Sales: 50 lots of 100 tonnes.

US MARKETS

depressed precious metal prices in active afternoon trading following an indifferent morning session, reports Drexel Butham Lambert. Penetration of key near-term support levels led to commission house stops being elected, which accelerated the decline. Crude oil futures continued steady on trade buying, but local liquidation pared gains. Liquidation by locals in cocoa eased prices following an earlier rally on trade and local buying. Coffee eased on trade selling. Sugar tended to hold support levels on trade buying, with trade selling at the highs. In the grains continued local and professional long-liquidation, reflecting forecasts of rain and easier cash prices, eased prices in spite of commercial scale-down buying. The meats were quiet with hogs steady, reflecting reports of lighter-than-expected hog runs. Pork bellies also rallied reflecting firmer cash prices. Cattle fell in light volume as traders took profits ahead of the

NEW YORK

ALUMINIUM 40,000lb, cents/lb

	Close	Prev	High	Low
June	72.55	73.50	—	—
July	72.55	73.50	73.00	72.55
August	71.70	71.70	—	—
Sept	71.70	71.15	72.00	72.00
Dec	70.90	70.55	—	—
Jan	70.90	70.55	—	—
March	70.90	70.55	—	—
May	70.90	70.55	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	1886	1887	1898	1873
Sept	1907	1911	1914	1892
Dec	1915	1928	1928	1897
March	1948	1958	1958	1935
May	1975	1985	1982	1970
July	2003	2015	2005	1995
Sept	2028	2045	2025	2025

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
July	103.75	104.07	104.32	102.75
Sept	105.73	106.96	106.25	105.01
Dec	108.08	108.50	109.00	107.85
March	110.75	110.88	111.00	110.60
May	112.05	112.38	113.00	112.30
July	114.05	115.00	114.75	114.75
Sept	116.01	116.13	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
June	68.55	69.80	—	—
July	68.55	69.80	70.15	68.50
August	68.30	69.55	—	—
Sept	68.05	69.30	69.40	67.95
Dec	67.45	68.60	68.70	67.25
Jan	67.35	68.50	—	—
March	67.15	68.30	68.00	67.20
May	67.20	68.35	68.00	67.80
July	67.20	68.35	68.30	67.80
Sept	67.25	68.40	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
July	76.23	76.25	76.75	75.80
Oct	72.66	72.86	73.60	71.50
Dec	71.13	71.27	71.79	70.60
March	71.87	72.03	72.50	71.50
May	72.45	72.60	72.90	72.20
July	72.50	72.74	72.90	72.40
Oct	66.85	67.23	66.90	66.90

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
July	20.64	20.52	20.65	20.44
August	19.89	19.90	20.01	19.85
Sept	19.78	19.63	19.76	19.59
Oct	19.63	19.51	19.64	19.49
Nov	19.55	19.42	19.56	19.41
Dec	19.46	19.35	19.49	19.33
Jan	19.42	19.28	19.44	19.30
Feb	19.29	19.22	19.26	19.25
March	19.30	19.17	19.30	19.23
April	19.30	19.12	—	—

GOLD 100 troy oz, $/troy oz.

	Close	Prev	High	Low
June	445.0	450.9	450.8	445.0
July	445.8	452.0	—	—
August	448.7	454.6	455.7	448.0
Oct	454.0	459.9	460.0	453.0
Dec	459.3	465.2	465.5	458.5
Feb	464.9	470.8	472.0	464.5
April	470.6	476.5	476.5	471.0
June	476.5	482.4	481.7	477.2
August	482.7	488.6	487.5	483.0
Oct	489.0	494.9	494.5	486.0
Dec	495.3	501.2	495.0	495.0
Feb	501.7	507.6	505.2	502.0

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
July	52.55	52.54	52.65	52.40
August	53.00	52.97	53.10	52.75
Sept	53.65	53.51	53.75	53.35
Oct	54.30	54.20	54.45	54.10
Nov	55.00	54.85	55.10	54.80
Dec	55.70	55.50	55.80	55.45
March	54.00	54.15	54.00	54.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
July	134.90	133.65	136.10	133.75
Sept	126.75	127.10	128.15	126.70
Nov	121.50	122.95	122.80	121.00
Jan	121.00	121.45	121.50	121.00
March	120.80	121.55	121.70	121.00
May	120.80	121.55	—	—
July	121.00	121.55	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
July	567.1	573.4	574.0	566.0
Oct	575.1	581.6	581.5	574.0
Jan	582.9	589.4	588.0	583.0
April	589.9	596.2	594.0	593.0
July	597.2	603.5	600.0	600.0

SILVER 5,00 troy oz, cents/troy oz

	Close	Prev	High	Low
June	715.8	746.5	—	—
July	717.0	748.0	750.0	716.0
Aug	721.8	752.8	748.0	720.0
Sept	726.6	757.9	760.0	725.0
Dec	741.0	772.8	774.0	740.0
Jan	745.9	777.8	—	—
March	755.5	787.7	795.0	758.0
May	765.7	798.2	794.0	765.0
July	776.1	809.0	—	—

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.61	6.65	6.70	6.59
Sept	6.79	6.83	7.00	6.71
Oct	6.95	6.97	7.02	6.88
Jan	7.19	7.33	7.10	7.10
March	7.41	7.39	7.45	7.34
May	7.56	7.53	7.56	7.53
July	7.68	7.65	7.68	7.67
Oct	7.84	7.80	—	—

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
June	69.62	69.06	69.75	69.05
Aug	63.62	64.12	64.30	63.60
Oct	61.67	62.10	62.20	61.65
Dec	63.62	64.12	64.30	63.57
Feb	64.62	65.10	65.15	64.60
April	65.20	65.52	65.50	65.15
June	64.60	64.90	64.90	64.60

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
June	64.00	63.57	64.10	63.02
July	59.22	59.20	59.95	59.15
Aug	54.62	54.27	55.40	54.55
Oct	45.27	45.37	45.80	45.20
Dec	45.40	45.32	45.75	45.10
Feb	44.05	44.22	44.45	44.05
April	41.50	41.55	41.70	41.50
June	42.90	42.97	43.20	42.65
July	42.85	42.85	43.75	—

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	Prev	High	Low
July	192.2	192.4	192.4	190.0
Sept	198.4	198.2	198.6	195.6
Dec	206.4	205.2	207.2	203.2
March	214.0	212.0	214.0	210.2
May	217.0	214.4	217.2	213.4
July	218.0	215.6	218.2	214.6
Sept	216.0	214.4	—	—

PORK BELLIES 38,000 lbs, cents/lb

	Close	Prev	High	Low
July	78.87	77.65	79.40	77.85
Aug	76.72	75.12	76.80	75.10
Feb	62.15	61.90	62.80	61.35
March	61.40	61.20	62.25	61.20
May	62.70	62.50	62.90	62.15

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	563.4	573.2	574.4	563.0
Aug	568.6	579.4	580.0	568.4
Sept	574.2	583.4	585.4	572.4
Nov	582.4	593.0	594.0	580.6
Jan	592.0	601.0	602.6	590.0
March	600.0	610.0	610.4	599.0
May	609.0	617.0	617.0	606.0
July	610.0	618.0	619.0	610.0
Aug	606.0	614.0	—	—

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
July	177.7	180.5	180.0	175.5
Aug	177.2	180.2	179.5	175.0
Sept	178.0	180.7	179.5	176.0
Oct	178.2	181.5	181.0	176.5
Dec	180.2	184.5	183.5	179.2
Jan	181.0	184.7	183.5	181.0
March	184.0	189.0	187.0	182.0
May	183.0	188.0	187.0	183.0
July	183.5	188.0	183.5	183.5
Aug	183.0	188.5	182.0	184.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
July	16.64	16.79	61.89	16.63
Aug	16.84	16.99	17.08	16.94
Sept	17.04	17.21	17.28	17.04
Oct	17.24	17.40	17.45	17.20
Dec	17.57	17.72	17.85	17.55
Jan	17.65	17.80	17.85	17.65
March	17.95	18.15	18.20	17.95
May	18.20	18.40	18.50	18.20
July	18.45	18.65	18.66	18.45

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	Prev	High	Low
July	263.6	266.2	266.4	263.2
Sept	270.2	271.4	272.6	269.4
Dec	278.2	281.0	281.6	277.6
March	280.2	283.4	284.4	280.0
May	278.0	279.0	280.4	276.4
July	267.0	270.0	270.0	267.0

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 730.0 (750.0) cents per troy ounce. New York tin 310-5 (312-6) cents per pound.

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	94.50	93.30	95.00-93.00
Feb.	100.00	99.00	—
Apr.	134.90	133.60	135.00-132.70
May	147.00	146.90	144.00

Sales: 668 (667) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.30-17.35	+0.025
Brent Blend	19.00-19.05	+0.05
W.T.I. (1pm est)	20.55-20.60	+0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	197-200	—
Gas Oil	155-157	+1
Heavy fuel Oil	107-108	+0.5
Naphtha	169-171	+1.0

Petroleum Argus estimates.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or —	Business done
June	—	—	—
August	135.5-136.5	—3.15	139.0-136.0
October	138.1-136.7	—2.65	139.0-137.5
Dec	137.7-137.8	—2.00	139.5-137.5
Feb	141.0-141.5	—1.25	—
April	142.2-145.0	—1.65	—
June	140.0-142.5	—2.25	—

Sales: 542 (352) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $171.40 (£105.40), down $3.20 (£1.60) a tonne for July-August delivery. White sugar $183.00, down 80c.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Aug	150.2-152.0	150.4-150.6	151.6-148.8
Oct	156.8-157.0	166.2-166.4	157.4-154.8
Dec	161.0-162.0	160.6-161.0	—
Mar	166.8-166.0	166.2-165.6	166.2-164.8
May	168.4-168.8	168.2-169.0	168.0-168.2
Aug	171.4-172.8	172.0-172.8	—
Oct	174.0-176.0	176.0-174.8	174.4

Sales: 1,410 (1,781) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £209.50 (£211.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for June 18. Daily price 6.50 (6.62); 15-day average 6.42 (same).

PARIS—(FFr per tonne): Aug 1112/1115, Oct 1140/1143, Dec 1160/1168, March 1202/1211, May 1225/1246, Aug 1265/1285.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
July	156.75	+1.00	156.75-55.25
Aug	158.50	+0.75	158.75-58.00
Sept	160.75	+0.50	161.00-60.00
Oct	163.00	—1.00	165.00
Nov	164.75	—0.25	164.75

Turnover: 977 (1,013) lots of 100 tonnes.

RUBBER

PHYSICALS—The London market opened about unchanged, met selling throughout the day and closed quiet and slightly easier, reports Lewis and Peat. Closing prices (buyers): Spot 62.25p (same); July 62.25p (same); Aug 62.00p (same). Kuala Lumpur fob prices (Malaysian/Singapore cents) per kg: RSS No 1 246.0 (same): SMR 20 211.0 same).

Consumer interests 'not given priority'

THE National Federation of Consumer Groups claims that the interest of the consumer is still not given a high priority by Government.

In its annual report, the federation says that "despite the advent of new laws, consumers' interests are not considered in many government departments. When such interests are taken into account, it adds, "views are sought too late."

Engineering board offers free course

FREE residential courses in engineering and computer technology are being offered by the Engineering Industry Training Board to women thinking of starting a new career.

The three-day courses, which offer an introduction to higher technology and engineering conversion courses, are designed for women without maths and physics at A-level.

WORLD STOCK MARKETS

WALL STREET

Prices move higher in early trade

THE TRIPLE expires of index futures and options and individual stock options yesterday boosted volume but stock prices moved only slightly higher in early trading.

The market was said to be dominated by professional activity with the smaller investor retreating to the sidelines.

Contributing to the high volume was the settlement of a number of contracts in the morning, including the Standard & Poor's 500 index. Volume soared to 81m shares as the Dow industrials gained six points to 2414. The first hour of trading was the third most active ever. Advances led declines six-five.

ATT led the actives down ⅛ to $28¾.

CANADA

Toronto stockspoted moderate gains in slow midday trading as investors assessed the impact of *federal government tax reforms.*

The composite rose 11.90 points to 3732.60, with advances narrowly leading declines 379 to 374 on volume of 11.4m shares.

Sectors hit by new tax measures turned lower, including financil and real estate stocks.

Real estate developer **Cadillac Fairview** fell ⅞ to C$32½ among leading active stocks.

Bank stocks cut losses suffered early in the session, with **Toronto Dominion Bank** easing ⅛ to C$33⅛ and **Canadian Imperial Bank of Commerce** ahead ⅛ to C$21¾.

Oil and mining stocks stregnthened, reacting favourably as th federal government left mos tax advantges for those industries intact.

Among oils, **Shell Canada** climbed $2 to C$47 and **Imperial Oil class A** surged $1½ to C$72¾.

Closing prices for North America and Canada were not available for this edition.

TOKYO

Hopes of an early cut in Japan's discount rate faded and in a confused market share prices closed sharply lower.

The market average fell 462.43 points to 25,288.12 after touching a low of 25,194.93 in morning trade. *On Thursday it fell 178.87 points to 25,750.55.*

Declines led advances five to three in turnover of 1.1bn shares against 880m on Thursday.

Securities house, bank, communications and insurance shares led the decline.

Investors are selling stocks related to the domestic economy to reinvest in export-oriented companies. Export-oriented electronic and precision instrument manufacturers' shares rose sharply with machinery and trading houses issues firm.

Belief that the dollar will not go lower against the yen in the medium term has prompted fund managers to focus on exporters' stocks. Domestic stocks look less attractive now that hopes for an economy-boosting discount rate cut have faded.

A firm dollar makes Japan's exports cheaper.

Nippon Telegraph and Telephone shares fell Y120,000 to Y2.63m on market talk that securities houses want its share price at Y2.60m before its government flotation this autumn.

The broad-based first section index rose 47.01 points to 2,174.81 after slipping 19.77 on Thursday. The second section index gained 6.41 to 2,387.12 in turnover of 18m shares, unchanged from Thursday.

HONG KONG

Overseas buying reversed early profit-taking and share prices closed near the day's highs.

The Hang Seng index rose 31.90 points to 3,165.64 after dipping four points at midday. The Hong Kong index rose 19.82 to 2,045.97. Turnover was HK$1.24bn against Thursday's HK$1.25bn.

Heavy selling by local investors who believe the market needs further adjustment depressed share prices at midday. They expect a modest correction to carry the market down to about 3,050.

Bank stocks were strong throughout the day. **HK Bank** rose 30 cents to HK$8.75 and **Bank of East Asia** rose 50 cents to HK$24.40, while **Hang Seng** was unchanged at HK$37.

News that **Dairy Farm** will offer £146m for 22 per cent of **Kwik Save** of Britain depressed the **Jardine** group. **Dairy Farm** shed 10 cents to HK$5.30 while **Jardine Matheson** and **Jardine Strategic** fell 10 cents each to HK$18.80 and HK$12 respectively.

AUSTRALIA

Stocks closed mixed in quiet trading as falls among blue-chip industrials and leading miners offset support in the gold sector.

The All Ordinaries index and other figures were unavailable due to a malfunction in the exchange computer system and brokers said they were "flying blind" all day.

Spot June futures contracts closed 2.5 higher at 1811.5 after opening at 1814.0 and reaching 1819.0 in early trade.

The contract closed at an 11-point premium to the physical market yesterday.

Turnover was very thin as most institutional investors have closed their books before the end of the financial year on June 30.

A rise in bullion prices overnight—the first in four days—encouraged demand for gold stocks.

There was scattered buying among Australian gold stocks in London overnight and light bargain-hunting continued. **Poseidon** attracted most attention, rising 28 cents to A$5.50 on turnover of 1.3m shares.

Poseidon is thought to be the market's next takeover target and there is speculation that **Bond Corp** chairman Alan Bond is taking a position in the stock following his takeover bid for **Gold Mines of Kalgoorlie** last week.

SINGAPORE

Share prices closed on a mixed note after fluctuating uncertainly in active two-way trade.

Profit-taking alternated with bargain hunting as major stocks lost ground and some speculative issues and Malaysian-based second liners generally advanced.

Trading was again dominated by recent market favourites and lower-priced stocks.

The Straits Times Industrial index rose 2.22 points to 1,237.39 and turnover increased to 61.4m shares from 54.2m on Thursday.

Amcol led the active stocks with 10.4m units, boosted by two large block deals totalling 10m shares at S$1.80 each. The counter closed 18 cents higher at S$2.05.

Second active **Paper Products** on 8.2m units, rose 12.5 cents to 84.5 cents following market rumours about an offer to take over the company. Newcomer, **Sembawang Maritime** lost 12 cents to S$3.16 on a volume of 2.2m shares.

FRANKFURT

The dollar's stability and growing hopes that the bourse has bottomed out after months of decline sent share prices higher in active trading. There was good turnover on foreign and domestic demand.

Banks were particularly sought after, supported by broker reports that the sector was oversold. *Deutsche surged DM 47.10 from Tuesday's close to end at DM 641.60. West German markets were closed on Wednesday and Thursday for a holiday.*

With the dollar at current levels further gains are expected.

An **OECD** outlook saying German economic growth will fall to 1.5 per cent this year from 2.4 per cent last year had little impact on the bullish mood.

Commerzbank firmed DM 6.80 to DM 269.30 and **Dresdner** added DM 11.60 to DM 326.50. Insurer **Allianz** jumped 76 to 1,795.

Chemicals were also in demand, as was carmaker **Daimler** which added DM 45.20 to DM 1,089 and **BMW** rose DM 10 to DM 650. **VW** ordinaries firmed DM 2.50 to DM 387 and tyremaker **Conti Gummi** gained DM 7.10 to DM 339.70.

Indices

NEW YORK

DOW JONES

	June 18	June 17	June 16	June 15	1987 High	1987 Low	Since compilation High	Since compilation Low
♦Industrials	2408.13	2407.35	2407.35	2391.54	2408.13 (18/6)	1927.31 (2/1)	2408.13 (18/6/87)	41.22 (2/7/32)
Home Bonds	(—)	88.66	88.53	87.96	95.51 (9/2)	87.07 (22/5)	(—)	(—)
Transport	1026.81	1022.80	1019.30	1021.11	1029.53 (12/6)	816.38 (2/1)	1029.53 (12/6/87)	12.32 (8/7/32)
Utilities	204.11	203.07	203.25	203.71	227.83 (22/1)	191.39 (20/5)	227.83 (22/1/87)	10.5 (8/4/32)

♦Day's High 2419.91 (2427.29) Low 2386.46(2390.7)

STANDARD AND POOR'S	June 18	June 17	June 16	June 15	1987 High	1987 Low	Since compilation High	Since compilation Low
Composite‡	305.69	304.81	304.76	302.69	305.69 (18/6)	246.45 (2/1)	305.69 (18/6/87)	4.40 (1/6/32)
Industrials	354.22	353.22	353.04	350.47	353.22 (17/6)	274.58 (2/1)	353.22 (17/6/87)	3.62 (21/6/32)
Financials	30.44	30.43	30.42	30.29	31.51 (6/3)	25.97 (29/5)	31.51 (6/3/87)	8.64 (1/10/74)
NYSE Composite	171.84	171.44	171.35	170.60	171.84 (18/6)	141.01 (2/1)	171.84 (18/6/87)	4.46 (25/4/42)
Amex Mkt. value	338.64	338.29	337.32	337.40	342.23 (6/4)	267.49 (2/1)	342.23 (6/4/87)	29.31 (9/12/72)
NASDAQ OTC Comp	428.97	428.44	427.53	425.39	439.64 (20/3)	353.26 (2/1)	439.64 (20/3/87)	54.87 (3/10/72)

	June 12	May 29	Apr. 24	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.93	2.99	3.62
	June 3	May 27	May 20	year ago (approx.)
S and P Industrial Div. Yield	2.51	2.55	2.64	3.06
S and P P/E ratio	22.43	21.97	21.21	17.23

TRADING ACTIVITY † Volume

Millions	June 18	June 17	June 16
New York	168.761	184.720	157.790
Amex	14.610	16.060	16.020
OTC	158.527	171.003	(—)

NEW YORK	June 18	June 17	June 16
Issues Traded	1,953	1,982	1,966
Rises	789	777	825
Falls	724	771	699
Unchanged	440	434	442
New Highs	65	73	58
New Lows	8	15	12

CANADA

TORONTO

	June 18	June 17	June 16	June 15	1987 High	1987 Low
Metals & Minerals	2836.5	2840.58	2831.4	2868.7	2943.6 (11/5)	1988.2 (2/1)
Composite	3720.7	3719.20	3697.2	3718.4	3881.2 (6/4)	3067.8 (2/1)
MONTREAL Portfolio	1877.75	1874.44	1854.84	1868.11	1935.0 (6/4)	1534.3 (2/1)

	June 19	June 18	June 17	June 16	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	(u)	1798.2	1802.8	1808.0	1858.8 (18/5)	1486.7 (2/2)
Metals & Minerals (1/1/80)	(u)	1087.9	1095.3	1099.5	1287.5 (18/5)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	182.21	(c)	183.29	182.93	230.60 (2/1)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	4674.76	4674.31	4671.80	4668.50	4683.0 (15/5)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	211.40	210.89	(u)	217.57 (22/1)	189.64 (6/1)
FINLAND						
Unitas General (1975)	(c)	542.7	544.3	545.4	545.9 (15/6)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	400.60	409.80	414.50	417.20	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	99.40	100.20	103.20	104.1	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	615.73	(c)	(c)	598.66	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1858.40	(c)	(c)	1805.60	2048.3 (6/1)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3165.64	3133.74	3178.62	3170.88	3178.62 (17/6)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	711.40	715.99	715.01	719.03	767.34 (30/4)	673.60 (3/3)
JAPAN**						
Nikkei (16/5/49)	25288.12	25750.55	25929.42	25738.86	25929.42 (17/6)	18544.0 (13.1)
Tokyo SE New (4/1/68)	2174.81	2221.82	2241.59	2231.13	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	297.40	298.00	298.20	295.00	298.20 (17/6)	257.7 (28/1)
ANP CBS Indust. (1970)	256.00	255.60	252.90	248.30	274.9 (5/1)	243.60 (11/6)
NORWAY						
Oslo SE (4/1/83)	433.48	432.71	434.29	434.81	436.16 (24/4)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1237.39	1235.17	1236.60	1223.55	1245.71 (5/6)	889.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2056.0	2057.0	2079.0	2308.0 (27/4)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	1897.0	1897.0	1899.0	1957.0 (19/5)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	230.22	(c)	227.89	228.37	255.95 (23/2)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	(c)	2712.30	(u)	2698.40	2782.10 (6/5)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Corp (31/12/58)	603.30	599.3	600.10	592.90	603.3 (6/1)	564.5 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	477.70	479.8	479.30	480.30 (12/6)	361.3 (2/1)

**Saturday June 13: Japan market closed.

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Gillette	9,155,300	40¼	+3¼
Bk Tx Grp	7,974,300	1⅜	......
Att	5,660,900	28⅞	+1⅛
Pan Am Cp	4,667,300	6⅛	+½
Portland	2,665,600	27	−⅛
Glaxo Holdings	2,101,800	27¾	−⅝
Southland	2,021,200	67	+3
Gen Elec	1,713,800	53½	+¼
Cont Ill	1,712,600	5⅛	+½
Naveen Fund	1,383,600	10	......

CURRENCIES & MONEY

FOREIGN EXCHANGES

Sterling remains depressed

STERLING FELL sharply yesterday afternoon as investor confidence took another nose dive. Disappointment over the lack of post election foreign participation had already encouraged some speculators to unwind long positions, and Thursday's banking figures provided the catalyst to push sterling through important support levels.

The market was in no mood to listen to claims that the growth in money supply and average earnings was not necessarily indicative of higher inflation. Mr Nigel Lawson, Chancellor of the Exchequer had virtually said this as far back as Wednesday but investors were still more interested in selling sterling.

The pound touched a high during the morning of $1.6365 before closing at $1.6160 down from $1.6295 on Thursday. Against the D-Mark it fell to DM 2.9575 from DM 2.9725 and Y234.5 from Y235.75. Elsewhere it slipped to SFr 2.4550 from SFr 2.47 and FFr 9.8725 compared with FFr 9.9225. Its exchange rate index dipped to a low of 72.3 from an opening level of 72.9 before closing at 72.5, still down from 72.7 on Thursday.

The dollar traded in a narrow range for most of the day but edged up towards the close to finish close to its recent highs. Against the yen it finished just above a significant resistance level of Y140 at Y145.05 up from Y144.60, but soon eased back a little in New York. It was also close to its resistance level against the D-Mark of DM 1.83, closing at DM 1.8295 up from DM 1.8240. Elsewhere it rose to SFr 1.5200 from SFr 1.5155 and FFr 6.11 compared with FFr 6.09. On Bank of England figures, the dollar's exchange rate index rose from 102.0 to 102.2.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. May average 1.7887. Exchange rate index 146.5 against 148.9 six months ago.

There was no intervention by the Bundesbank at yestrday's fixing in Frankfurt when the dollar was fixed at DM 1.8238 unchanged from Thursday. With most centres closd on Wednesday and Thursday, many traders had made the holiday into a long weekend. Consequently activity was at a minimum in the absence of any fresh news.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. May average 140.55. Exchange rate index 220.5 against 212.5 six months ago.

Trading was motly quiet ahead of the weekend with no fresh factors to influence trading. Overnight rumours that Japanese authorities were about to relax pressure on Japanese institutions not to speculate excessively in the dollar were soon denied and had little effect on the market.

The dollar closd at Y144.65 in Tokyo on Thursday.

Any attempt to pus the dollar above Y145 has always met with selling pressure while there is little desire to push the dollar. Consequently trading was confined to a narrow range.

£ IN NEW YORK

June 19	Latest	Previous Close
£ Spot	1.6270-1.6280	1.6290-1.6300
1 month	0.25-0.24 pm	0.24-0.23 pm
3 months	0.76-0.73 pm	0.65-0.62 pm
12 months	2.40-2.30 pm	1.86-1.76 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

June 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6140-1.6365	1.6155-1.6165	0.26-0.23c pm	1.82	0.84-0.78 pm	2.00
Canada	2.1623-2.1905	2.1660-2.1670	0.14-0.01c pm	0.42	0.44-0.27 pm	0.66
Netherlands	3.32½-3.35¾	3.32½-3.33½	1⅛-⅞c pm	3.60	3⅛-2⅞ pm	3.60
Belgium	61.16-61.77	61.20-61.30	15-8c pm	−2.25	41-30 pm	−2.32
Denmark	11.09½-11.20¼	11.11¼-11.12¼	⅜-⅞ore dis	−0.67	1¼-2⅛ dis	−0.61
Ireland	1.1080-1.1170	1.1095-1.1105	0.08-0.18 p dis	−1.41	0.30-0.50 dis	−1.44
W. Germany	2.95-2.98	2.95¼-2.96¼	1¼-1⅛pf pm	5.07	3⅞-3⅝ pm	5.07
Portugal	228.85-232.28	229.00-230.00	101-147c dis	−6.48	338-428 dis	−6.68

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

June 19	£	$
Luxembourg	61.20-61.30	37.85-37.95
Malaysia	4.0665-4.0705	2.5140-2.5150
Mexico	2123.45-2145.55	1312.00-1325.00
N. Zealand	2.7155-2.7205	1.6785-1.6805
Saudi Ar.	6.0695-6.0750	3.7500-3.7510
Singapore	3.4275-3.4310	2.1190-2.1200
S. Af. (Cm)	3.2590-3.2740	2.0160-2.0200
S. Af. (Fn)	5.3510-5.5335	3.3060-3.4190
Taiwan	50.65-50.85	31.05-31.15
U.A.E.	5.9435-5.9495	3.6725-3.6735

*Selling rate

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

June 19	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
F Fr.	1.013	1.637	2.996	237.5	10.	2.487	3.373	2166.	2.194	62.04
S Fr.	0.407	0.658	1.205	95.52	4.021	1.	1.356	870.9	0.882	24.95
H Fl.	0.300	0.485	0.888	70.42	2.965	0.737	1.	642.0	0.651	18.39
Lira	0.468	0.756	1.383	109.7	4.618	1.148	1.558	1000.	1.013	28.65
C $	0.462	0.746	1.365	108.2	4.557	1.133	1.537	986.8	1.	28.17
B Fr.	1.633	2.638	4.829	382.9	16.12	4.000	5.437	3491.	3.537	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Further rise in UK rates

A SHARP fall in sterling added to Thursday's disappointing economic data to effectively rule out any early cut in clearing bank base rates. Interest rates moved up to their highest level for nearly seven weeks with three-month interbank money quoted at 9⅛-9 per cent, up from 8$\frac{15}{16}$-8$\frac{13}{16}$ per cent on Thursday.

Fears of renewed inflationary pressures added to the gloom with Government bonds and equities falling sharply. Some dealers suggested that it was more than just one set of figures that had sparked off such a rush and that markets in general were showing their disappointment after sterling's failure to improve after the general election.

UK clearing bank base lending rate 9 per cent since May 8

Weekend interbank money opened at 8¾-8½ per cent and dipped to 8¼ per cent before finishing at 10 per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including bills maturing in official hands and the repayment of any late assistance together with a take up of Treasury bills draining £291m and a rise in the note circulation a further £300m. In addition banks brought forward balances £25m below target. These were partly offset by Exchequer transactions which added £130m.

The Bank revised its forecast to a shortage of around £450m and gave assistance in the morning of £222m through outright purchases of £9m of Treasury bills and £170m of eligible bank bills in band 1 at 8⅞ per cent and in band 2 £2m of Treasury bills and £41m of eligible bank bills also at 8⅞ per cent.

A further revision took the forecast to a shortage of around £400m before taking into account the morning help but there was no further assistance given in the afternoon. Late help came to £160m, making a total of £382m.

The market's concern over interest rate trends was reflected in a rise in the average rate of discount at the weekly Treasury bill tender. This rose to 8.6232 per cent from 8.3933 per cent. The £400m of bills on offer attracted bids of £1,844m against £1,086m for a similar amount the previous week and all bills offered were alloted.

The minimum accepted bid was £97.825 compared with £97.895 and bids at that level were met as to about 20 per cent and above in full against 53 per cent the week before. Next week a further £400m of bills will be on offer, replacing maturities of £100m.

FT LONDON INTERBANK FIXING

(11.00 a.m. June 19) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅛	offer 7¼	bid 7$\frac{3}{16}$	offer 7$\frac{5}{16}$

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

June 19	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.25-3.35	3.55-3.65	3.55-3.70	3.55-3.70	3.60-3.75	5.0
Paris	7$\frac{3}{16}$-7$\frac{5}{16}$	8$\frac{1}{16}$-8$\frac{3}{16}$	8$\frac{3}{16}$-8$\frac{5}{16}$	8$\frac{3}{16}$-8$\frac{5}{16}$	8⅜-8½	7¾
Zurich	¾-1⅛	4⅜-4⅝	—	4-4¼	—	—
Amsterdam	5¼-5$\frac{5}{16}$	5$\frac{3}{16}$-5$\frac{5}{16}$	—	5$\frac{3}{16}$-5$\frac{5}{16}$	—	—
Tokyo	3.09375	3.59375	—	3.71875	—	—
Milan	10⅝-11⅛	10⅞-11⅛	—	10⅝-11⅛	—	—
Brussels	8.05	6⅝-6¾	—	6$\frac{11}{16}$-6$\frac{13}{16}$	—	—
Dublin	9¾-10	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10⅛-10⅜	—

LONDON MONEY RATES

June 19	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10-8¼	8⅞-8⅝	9-8$\frac{13}{16}$	9⅛-8⅞	9$\frac{3}{16}$-9	9⅜-9⅛
Sterling CDs	—	—	8⅞-8$\frac{13}{16}$	8$\frac{15}{16}$-8$\frac{13}{16}$	9⅛-9	9$\frac{5}{16}$-9$\frac{3}{16}$
Local Authority Deposits	8⅝	8⅝	8¾	8⅞	9	9⅛
Local Authority Bonds	—	—	9	8$\frac{15}{16}$	9	9$\frac{1}{16}$
Discount M'ket Deposits	9½-8¼	8¼	8¾	8⅞	—	—
Company Deposits	—	—	9-8⅞	9⅛	9¼	9¼
Finance House Deposits	—	—	8$\frac{13}{16}$	8$\frac{15}{16}$	9	9⅛
Treasury Bills (Buy)	—	—	8$\frac{13}{16}$	8$\frac{13}{16}$	—	—
Bank Bills (Buy)	—	—	8⅞	8$\frac{13}{16}$	8$\frac{15}{16}$	—
Fine Trade Bills (Buy)	—	—	9½	9¼	9$\frac{5}{16}$	—
Dollar CDs	—	—	7.10-7.05	7.15-7.00	7.30-7.25	7.70-7.65
SDR Linked Deposits	—	—	6$\frac{1}{16}$-5$\frac{13}{16}$	6⅛-5⅞	6¼-6	6½-6¼
ECU Linked Deposits	—	—	6$\frac{11}{16}$-6⅞	6¾-6⅝	6$\frac{11}{16}$-6$\frac{13}{16}$	7$\frac{1}{16}$-6$\frac{15}{16}$

Treasury Bills (sell); one-month 8$\frac{13}{16}$ per cent; three-months 8$\frac{11}{16}$ per cent; Bank Bills (sell): one-month 8$\frac{13}{16}$ per cent; three months 8$\frac{11}{16}$ per cent; Treasury Bills; Average tender rate of discount 8.6232 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day May 29, 1987. Agreed rates for period June 24 to July 25, 1987, Scheme I: 10.54 p.c., Schemes II & III: 10.12 p.c. Reference rate for period May 1 to May 29, 1987, Scheme IV: 8.873 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9½ per cent from June 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8⅝ per cent; nine-12 months 8⅝ per cent; Under £100,000 8 per cent from June 17. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Further loss for equities as Gilts fall

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun 1	Jun 11	Jun 12	Jun 22
Jun 15	Jun 25	Jun 26	July 6
Jun 29	July 9	July 10	July 20

* New time dealings may take place from 9.00 am two business days earlier.

The UK securities markets took another severe tumble yesterday as weakness in bonds and sterling delivered another blow to equity market confidence. Some sizeable equity positions were liquidated, while in gilts, which closed in subdued mood as Lloyds Bank pulled out of the marketplace, heavy business in the LIFFE futures indicated rapid shifting of positions.

The equity market was down by nearly 39 FT-SE points at midsession, and a late rally seemed to reflect little more than technical factors.

At its closing level of 2266.1, the FT-SE 100 Index was a net 27.1 down, while the FT Ordinary Index fell 24.8 to 1758.3.

Once again, **Glaxo** came in for determined selling as investors shied away from the doubts cast over anti-ulcer drugs in a US medical magazine. And the privatisation issues came under fire again. **British Telecom, British Gas, British Airways** and **British Aerospace** all extending their recent losses in active trading.

Much of the damage came from selling by traders ordered to cut the bull positions built up earlier this week, when the UK institutions supplied most of the buying pressure as the equity market edged up to new highs.

But there was also some foreign selling—apparently from Japanese sources. Suggestions that a major US house was operating a major trade were wide of the mark.

Despite the announcement from Lloyds Bank, the UK bank and insurance issues closed steadily, maintaining part of the week's gains.

Jaguar and **Imperial Chemical Industries** were prominent in the list of industrial shares to give ground, a further indication that the pressure lay heaviest of those shares which attracted the buyers during the run-up to the election.

Saatchi & Saatchi, the advertising group, proved unable to hold on to a gain which followed a boardroom statement on its rivalry with another major agency.

The gilt-edged market opened lower after a warning from the Organisation for Economic Cooperation and Development (OECD) on world growth fuelled inflation worries, also sparked by the latest UK money supply statistics.

Prices fell sharply and despite attempted rallies, closed at the day's lows with net falls of more than a full point. Most of the action came in the futures market, where Lloyds has been an active player.

J. Sainsbury fell 14 to 581p as the group issued 20m shares through Warburg Securities to help finance its expansion in the US via a tender offer for the outstanding equity of Shaw's Supermarkets, the New England-based retail group which has had connections with Sainsbury since 1983.

BZW, the securities house, regards Sainsbury as the core stock in the food retailing sector and yesterday said that the proposed deal "would enhance the already excellent prospects over the next three to four years," and consequently advised clients to buy on any weakness in the share price.

The major clearing banks drifted lower owing to a lack of demand. **NatWest**, which confirmed overseas debt provisions totalling some £446m earlier in the week, slipped 15 to 728p; the shares had moved sharply higher last Monday in what was seen as a "clear the air" move by the company. **Lloyds** fluctuated narrowly prior to closing a shade cheaper at 599p; yesterday, the company announced that it was withdrawing from market making in Eurobonds and UK Government securities to concentrate on its core businesses of foreign exchange and money markets and short-term securities trading. **TSB** softened a couple of pence to 96½p owing to further profit-taking.

Composite Insurances fluctuated narrowly before settling easier for choice. Market makers stated that trade had contracted as the week wore on. Among Life issues, **Abbey** remained unhappy about adverse rumours concerning its new life business figures and fell 12 more to 266p. **Pearl** eased 8 to 41p, while **Prudential** closed ¼ lower at £10⅜, after £10¼. **Hogg Robinson** remained the pick of Lloyds brokers, rising to 570p prior to closing 6 higher at 561p as bid speculation intensified.

Worries of an imminent increase in US excise duties again overshadowed the drinks sector. **Guinness**, 361p, **Grand Metropolitan**, 547p, and **Allied-Lyons**, 422p continued to drift steadily lower and for the second consecutive session, displayed falls into double figures. **Whitbread A**, diped 14 to 334p, while **Scottish and Newcastle**, repeatedly said to be set to make a sizeable acquisition, closed 6½ off at 244½p. Regionals trended lower under the lead of **J. A. Devenish**; firm earlier in the week following excellent first-half figures, the shares met profit-taking to finish 12 lower at 278p; brokers L. Messel, while forecasting a 33 per cent upturn in full-year profits to £8m, state that the current rating leaves "little to go for in the short term."

Leading Building issues drifted progressively lower despite a couple of half-hearted rally attempts. **Blue Circle** settled 7 off at 485p, while **Tarmac** gave up 13 at 295p and **BPB Industries** dipped 20 to 820p. The latest cuts by banks in mortgage rates for new borrowers failed to sustain major housebuliders with **George Wimpey** 7 off at 245½p and **Barratt Developments** 6 down at 210p; the latter is lunching with brokers next week. Among the second-liners, profit-taking hit **Raine Industries** which dipped 7 to 140p; the shares had performed strongly earlier in the week in the wake of acquisition news. **Tilbury Group**, in which Raine holds a sizeable stake, firmed 7 to 380p on hopes of an eventual bid. **Ward Holdings** made fresh progress at 654p up 8, while **F. Copson** gained 55 to 325p following acquisition news and a proposed £2.39m rights issue. **Countryside**, which revealed excellent results earlier in the week, shed ⅜ to £10⅝ following profit-taking. Speculative buying boosted **Gibbs and Dandy A** 13 to 90p.

ICI continued to drift easier and closed ⅛ down at £14⅜; Morgan Guaranty now speak for 12.35 per cent of the equity. Among other Chemicals, **Hickson International**, tipped recently as a possible takeover candidate, came back 13 to 700p in the absence of any bid developments.

As on Thursday, leading Stores showed falls ranging well into double figures. **Woolworth**, unsettled by talk of a broker's downgrading, shed 9 to 426p, while **Burton** gave up another 17 to 327p. **W. H. Smith**, supported recently following the group's series of presentations to analysts reacted 7 to 393p .Similar losses were sustained by **Marks and Spencer**, 254p, and **Dixons**, 375p.

Mail-orders also gave ground with falls of around 6 common to **Freemans**, 267p, and **Empire**, 262p, the latter not being helped by cautious notices emanating from a visit by BZW. **Stormgard** closed 2 off at 23p after the substantial full year deficit, while news of directors' share sales left **A. G. Stanley** 3 off at 138p. In contrast, perennial speculative favourite **Martin Ford** put on 13 to 160p reflecting revived hopes of asset injection and property development news. **Gabicci** hardened a few pence to 165p following Press comment, while interest was again noted for **Wooltons Betterware** which advanced another 20 to 197p ahead of next Thursday's preliminary figures.

Leading Electricals attracted a considerable amount of business. An unenthusiastic rsponse to the preliminary figures prompted further selling of **British Telecom**, down 9½ further at 293½ in a volume of some 10m shares. **GEC** were also briskly traded (around 12m) before settling a shade lower on the day at 246p. **Racal** (4.6m) slipped 6 to 257p awaiting the preliminary figures scheduled to be announced next Tuesday. Elsewhere, **Oxford Instruments**, a depressed market since announcing disappointing annual results and a forecast of lower profits in the current year, staged a modest rally and closed 10 better at 359p. The reduced annual loss prompted further recovery hopes in **CASE** which advanced 14 to 126p, but **MK Electric**, preliminary figures expected next Wednesday, reacted 15 to 478p. USM quoted **Real Time Control** advanced 25 to 153p amid talk of an imminent statement. **United Scientific Holdings**, reflecting a Kleinwort Grievson recommendation, moved up 9 to 240p.

Several Engineering issues resisted the downward trend. **ML Holdings** responded afresh to the preliminary figures with a further gain of 14 at 752p. **Camford**, an old favourite, met with a revival of speculative demand and put on 6 to 158p, while **Clayton Son**, in which Seaforth Investments hold a 23.87 per cent stake, advanced a similar amount to 246p.

Lower values prevailed throughout Foods with the upshot that most leading counters gave up the gains established earlier in the week. Mr Jimmy Gulliver's **Argyll** led the downturn among Retailers, falling 15 to 477p reflecting nervous offerings ahead of Thursday's preliminary figures which are expected to reveal pre-tax profits of around £80m. The continued absence of takeover developments left **ASDA-MFI** 6 lower at 185p; the shares have been a buoyant market of late amid chatter of a full bid or of a hiving-off of the MFI operation. **Tesco**, 584p, and **Dee Corporation**, 234p, dipped 16 and 15 respectively, the latter again dull on fears that Mr Garry Weston's **Associated British Foods** will sell its stake to help finance a bid for **S. & W. Berisford**. The last-mentioned, aided by favourable comment in the wake of the interim figures, hardened 6 more to 375p, but **ABF** eased a few pence to 408p after the annual meeting. Sellers held sway in **Cadbury Schweppes**, 2½ off at 268p, and in **Hillsdown**, 11 cheaper at 296p, but **RHM**, still surrounded by talk of a full-scale offer from Australia's Goodman Fielder, rose 2 to 354p. Fresh speculative support in a narrow market saw **Clifford's Dairies** put on 55 to 500p, with the A shares 32 up at 293p.

Kwik Save, strongly supported throughout the week ahead of Dairy Farm's 450p tender offer, encountered the almost inevitable profit-taking and settled 18 lower at 408p.

Hopes of an acquisitive foray by Scottish and Newcastle Breweries continued to do the rounds among Hotels. Thursday's favourite **Friendly Hotels** were unchanged at 306p as attention switched to **Norfolk Capital, finally 3 dearer at 40¾p.**

Glaxo, unsettled in the previous trading session by comment in a US medical publication on the treatment of ulcers which could pose a threat to the company's Zantec drug, encountered further selling and reacted ½ more to £16¾. Volume of 2.3m compared awith 4.6m on Thursday. **Pilkington**, a particularly good market earlier in the week on persistent investment demand, ran back 19 to 953p. Elsewhere in the miscellaneous industrial leaders, **BTR** gave up 7 at 328p and **Boots** 6 at 286p. **Reed International**, a strong market since announcing the sale of its paint and do-it-yourself division to Williams Holdings for around £285m, again traded actively (some 8.4m shares changed hands) and advanced 30 further to 576p. The rise was again accompanied by vague bid talk. **Williams Holdings**, on the other hand, fell 11 to 829p. **Chrarter Consolidated**, scheduled to reveal preliminary figures next Wednesday, gained 12 more to 440p, while **Johnson Matthey**, reflecting the better-than-expected annual figures., improved 5 further to 382p. **Beatsn Clark**, in contrast, firmed 7 more to 346p on AAF Investment's increased stake in the company, while trading news continued to boost **Scapa**, up 9 further at 318p. **Ricardo**, recently bought on bid hopes, reacted afresh to close another 6 lower at 152p. **Reuters** fell 25 to 809p, but the volume of trade was small.

Motor Distributors provided some of the session's most divergent trends. **C. D. Bramall** attracted fresh demand and advanced 33 more to 440p—a gain of 89 on the week—while substantial progress was also made by **Jessups**, 202p, and **Lookers**, 435p. In sharp contrast, profit-taking left **T. Cowie** 8 cheaper at 677p and also left **Lex** 13 down at 457p, and **Frank G. Gates** 7 lower at 263p.

Olives Paper reacted 25 to 113p in belated response to the board's statement that they are unaware of any circumstances which would justify the recent sharp advance in its share price. **BPCC**, which announced a £630m rights issue earlier in the week, edged up 8 more to 306p helped by the proposed sale of its packaging and labelling businesses.

The current clouded outlook for interest rates sparked off another bout of profit-taking among recently buoyant leading Properties. **Landa Securities** were hardest hit and closed 15 lower at 532p, while **MEPC** gave up 7 at 505p. **British Land** were 5 lower at 282p and **Hammerson A** 7 off at 613p. **Peachey** eased 4 to 431p and **Slough Estates** shed 4 to 281p. **Helical Bar**, a firm market recently reflecting newsletter comment, came back 15 to 280p, while **Asda Property** settled a shde lower at 715p pending news of the bid approach. **London and Edinburgh** relinquished 23 at 810p and **Rosehaugh** gave up 25 at 958p, but **Southend Stadium** added 6 to 100p, following a broker's circular.

Textiles presented a mixed appearance. **Courtaulds** followed the trend in the leaders, closing 15 lower at 471p, while profit-taking after the preliminary figures left **Stoddard** a similar amount cheaper at 105p. In contrast, **R. Samlishaw** were supported at 125p, up 10, and **Illingworth Morris** were also noteworthy for a gain of 9 at 199p.

Enerergy stocks finished the first leg of the Account in irregular fashion. Profit-taking continued to depress **British Gas** which shed 4 more to 180p, but sparadic buying interest was noted in **British Pertoleum**, finally 9 better at 367p and **Shell**, a shade dearer at £13¾. **Burmah** were in demand following reports of a broker's profits upgrading and the close was 15 higher at 592p. Institutional buying boosted **Britoil** 8 to 323p. Gold mining shares had another quiet session as interest continued to focus on the industrial equities in the UK market. However, once again currency factors came to the aid of share prices. With the financial rand firmer, South African mines edged forward at the opening of the London market. The FT Gold mines index climbed 7.1 to 390.1.

Prices were topping off at the close, in response to the trend of the Johannesburg market. London traders said that investment interest in the major producer issues was very light.

TRADED OPTIONS

The option market finished the week on a quiet note by recent standards with total contracts struck amounting to a relatively modest 43,641. Nevertheless, dealers reported a lively turnover in **Hanson Trust** positions which atracted 4,055 calls.

Traditional Options

- First dealings June 8
- Last dealings June 19
- Last declaration Sept 10
- For Settlement Sept 21

For rate indications see end of Unit Trust Service

Money was given for the call of **Waterford Glass, Premier Consolidated, Guinness, Burnett and Hallamshire, Stormguard, Eagle Trust, Bejam, Rolls-Royce, Avis Europe, Westland, British Telecom, Rotaprint, Norfolk Capital, Charterhall, Adwest, Benjamin Priest, Abaco, Southend Stadium, Stylo, Pict Petroleum, Quest Automation, Gabicci, TSB, Hanson Trust, EMAP** and **Property Trust**. No put or double options were reported.

FINANCIAL TIMES STOCK INDICES

	June 19	June 18	June 17	June 16	June 19	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	91.16	91.94	92.38	92.28	92.04	90.32	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.50	98.88	98.85	99.08	99.12	96.43	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1758.3	1783.1	1801.7	1794.5	1786.6	1,353.4	1,801.7 (17/6)	1,320.2 (2/1)	1,801.7 (17/6/87)	49.4 (26/6/40)
Gold Mines	390.1	383.0	380.2	388.7	388.1	213.8	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.26	3.21	3.17	3.19	3.20	4.08				
Earnings Yld.%(full)	7.86	7.74	7.66	7.71	7.74	9.81				
P/E Ratio (net) (*)	15.67	15.90	16.09	15.99	15.93	12.41				
SEAQ Bargains (5 pm)	43,540	49,867	52,863	52,118	58,291	—				
Equity Turnover (£m)	—	1582.27	1811.74	1715.75	1716.32	587.68				
Equity Bargains	—	58,861	64,368	63,295	68,993	21,880				
Shares Traded (ml)	—	—	837.2	614.7	768.3	238.7				

♥ Opening 1770.2 · 10 a.m. 1772.2 · 11 a.m. 1763.8 · Noon 1751.9 · 1 p.m. 1757.0 · 2 p.m. 1755.0 · 3 p.m. 1753.7 · 4 p.m. 1755.5

Day's High 1774.0. Day's Low 1750.2. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.36.

S.E. ACTIVITY

Indices	June 18	June 17
Gilt Edged Bargains	135.2	135.8
Equity Bargains	381.4	417.1
Equity Value	3198.2	3662.0
5-Day Average		
Gilt Edged Bargains	159.9	163.4
Equity Bargains	427.6	423.8
Equity Value	3714.6	3834.0

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*421)	390	38	54	65	4	14	20
	420	18	36	47	16	25	30
	460	5	19	29	45	48	57
Brit. Airways (*146)	140	13	20	32	8	15	20
	160	4	13	23	20	22	31
	180	1½	6	14	36	38	39

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Guinness (*360)	300	68	73	—	2	6	—
	330	40	50	63	7	15	20
	360	23	37	43	17	27	35
	390	13	26	33	38	43	53
Ladbroke (*431)	420	—	—	55	—	—	20
	443	20	31	—	24	29	—

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (197)

AMERICANS (4). BANKS (4). BREWERS (2). BUILDINGS (13). CHEMICALS (2). STORES (11). ELECTRICALS (11). ENGINEERING (18). FOODS (6). HOTELS (4). INDUSTRIALS (38). INSURANCE (2). LEISURE (3). MOTORS (9). NEWSPAPERS (4). PAPER (9). PROPERTY (15). TEXTILES (5). TRUSTS (33). OILS (6). OVERSEAS TRADERS (1). MINES (1). THIRD MARKET (1).

NEW LOWS (6)

BRITISH FUNDS (1) Treas. 9pc 1992 (£50 pd). PAPER (1) Moss Advertising. TRUSTS (4) European Assets, F & C Eurotrust, Gartmore European, Paribas French Inv. Tst.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ϕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks No. of bargains included 15

Greater London Council6¾% Stk 90/92 - £93 ¾ 4½
Birmingham Corp3½% Stk 1946(or after) - £27 (18Je87)
Bristol CorpDeb Stk (3½%) - £28
Leeds(City of)13½% Red Stk 2006 - £132½ϕ

International Bank for Rec & Dev9¾% Ln Stk 2010(Reg) - £100¾ ¾ ⅞ (17Je87)
11.5% Ln Stk 2003 - £116¾
Ireland12½% Ln Stk 2008(Reg) - £119¾ϕ
Malaysia10¾% Ln Stk 2009(Br) - £97¾ (12Je87)
New Zealand11½% Stk 2014(Reg) - £115¾ ¾ ⅞ ⅞ 6 6
Nova Scotia(Province of)11¾% Ln Stk 2019 - £117¼ ½
16¾% Ln Stk 2011 - £158¾

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Registered Housing Associations

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration (Ir£0.25) 40½

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B (£1) 16 (17/6)
Alexander (W.) (10p) 162 (15/6)
Anglo-Am. Agric. 72, 3
Appleton (10p) 18½ (12/6)
Assoc. Hotels (50p) 260 (17/6)
Barbican Hldgs (1p) 4½ 5
Beaverbrook (5p) 175 (16/6)
Berwick Salmon Fisheries (5p) 44, 5
Bolton Hse Invs (5p) 75 6 8 (12/6)
Carraun (10p) 14 6 (12/6)
Channel Hotels & Prop (10p) 158 65 70 (17/6)
Conister Trust 115 (16/6)
Dawson (Wm.) (10p) 610 20
Explaura Hldgs (5p) 43
Greenstar Hotels (10p) 27½ (16/6)
Guernsey Press (£1) 12
Guidehouse Gp (1p) 50 (17/6). Do. Warrants (31.12.89) 28 (12/6)
Jennings Bros. 180 90
Kunick Leisure (10p) 35 (17/6)
Le Riches Stores (£1) 440 (17/6)
National Parking Corp (10p) 320 (12/6)
Norton Villiers Triumph (1p) 5 ½ 6 (17/6). Do. (Nil Paid) (1p) 1 ½ (17/6)
Oodles (10p) 55 (15/6)
Rangers FC (£1) £2.50 (12/6)
Red Rose Radio A Non-vtg (10p) 110 (17/6). CnvLn 1992 525 (17/6)
Severn Valley Railway (£1) 75 (11/6)
Southern Newspapers (£1) 295 305
Takare (£1) 195
UTC (5p) 55 65
Weetabix A Non-vtg 260½ (17/6). 7pcPf 50 (17/6)
Wistech (5p) 81 85 (16/6)
Wolverhampton Racecourses 235 (12/6)

Continued on page 14

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JUNE 18 1987					WEDNESDAY JUNE 17 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	136.68	+0.0	124.35	125.77	3.11	136.69	124.06	125.87	140.95	99.92	88.91
Austria (16)	86.29	−0.1	78.51	81.76	2.30	86.34	78.36	81.76	101.62	85.94	84.60
Belgium (47)	117.16	−0.2	106.60	109.51	4.37	117.36	106.51	109.25	123.62	96.19	77.62
Canada (127)	126.59	+0.1	115.18	122.97	2.38	126.48	114.79	122.77	136.17	100.00	97.87
Denmark (39)	120.74	+0.5	109.86	112.62	2.44	120.16	109.06	112.28	124.10	98.18	92.48
France (122)	106.49	−2.0	96.89	101.73	2.72	108.63	98.59	103.86	121.82	98.39	78.59
West Germany (90)	93.01	+0.2	84.62	88.20	2.11	92.81	84.23	88.13	100.33	84.00	83.82
Hong Kong (45)	119.87	−1.1	109.06	120.10	2.86	121.24	110.04	121.51	121.24	96.89	71.16
Ireland (14)	129.86	+0.5	118.15	124.69	3.59	129.20	117.26	124.05	131.86	99.50	84.42
Italy (76)	101.62	+0.4	92.46	100.11	1.81	101.24	91.89	99.73	112.11	94.76	78.16
Japan (458)	155.94	−0.9	141.88	142.54	0.47	157.32	142.79	143.85	161.28	100.00	78.71
Malaysia (36)	170.47	+0.5	155.10	165.10	2.29	169.55	153.88	164.34	172.55	98.24	82.78
Mexico (14)	256.95	+2.2	233.78	369.85	0.60	251.35	228.13	360.28	256.95	99.72	49.33
Netherland (38)	118.85	−0.4	108.14	111.48	3.96	119.37	108.34	112.01	120.14	99.65	88.75
New Zealand (27)	100.20	+0.5	91.16	89.36	3.05	99.69	90.48	89.12	100.59	83.93	68.72
Norway (24)	138.97	−0.2	126.44	126.52	1.99	139.27	126.40	126.70	140.05	100.00	100.74
Singapore (27)	142.59	+0.5	129.74	139.21	1.77	141.85	128.75	138.78	144.47	99.29	78.25
South Africa (61)	158.23	+1.7	143.96	117.27	3.44	155.57	141.19	117.29	186.74	100.00	79.22
Spain (43)	114.42	+0.0	104.11	109.61	3.69	114.38	103.81	109.61	121.31	100.00	82.46
Sweden (33)	115.39	−0.4	104.98	108.55	2.12	115.79	105.09	108.76	124.68	90.85	88.67
Switzerland (51)	95.41	+0.1	86.81	89.64	1.91	95.34	86.53	89.73	104.06	92.01	83.03
United Kingdom (335)	149.74	−1.1	136.24	136.24	3.14	151.46	137.47	137.47	151.46	99.65	98.79
USA (593)	125.17	+0.3	113.88	125.17	2.90	124.85	113.32	124.85	125.17	100.00	102.05
Europe (928)	120.87	−0.7	109.97	112.78	2.85	121.71	110.46	113.46	121.71	99.78	88.66
Pacific Basin (687)	153.84	−0.8	139.97	141.00	0.63	155.14	140.81	142.25	158.64	100.00	78.82
Euro—Pacific (1615)	140.70	−0.8	128.01	129.75	1.39	141.81	128.71	130.77	143.34	100.00	82.71
North America (720)	125.24	+0.2	113.95	125.07	2.87	124.94	113.39	124.76	125.24	100.00	101.83
World Ex. US (1817)	140.46	−0.7	127.79	130.16	1.45	141.48	128.41	130.16	143.09	100.00	83.18
World Ex. UK (2075)	132.97	−0.3	120.98	127.23	1.84	133.35	121.03	127.64	133.55	100.00	89.80
World Ex. So. Af. (2349)	134.31	−0.4	122.20	128.12	1.96	134.83	122.38	128.62	134.83	100.00	90.63
World Ex. Japan (1952)	124.26	−0.1	113.06	120.83	2.87	124.35	112.86	120.90	124.35	100.00	96.24
The World Index (2410)	134.46	−0.4	122.34	128.06	1.97	134.97	122.50	128.55	134.97	100.00	90.56

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series		Vol.	Last	Vol.	Last	Vol.	Last	Stock
		Aug 87		Nov 87		Feb 88		
GOLD C	$460	104	12.50	15	26.50A	—	—	$449.50
GOLD C	$480	154	7.50	4	18	—	—	"
GOLD P	$400	45	1.50	10	4.50	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$700	39	45	—	—	2	140	$744
SILVER P	$750	19	1	—	—	—	—	"
SILVER P	$850	29	110	2	135	—	—	"
£/FL C	Fl.330	52	3.50	1	5	—	—	Fl.333.51
£/FL C	Fl.335	55	0.05	2	3	—	—	"
£/FL P	Fl.335	32	0.50B	40	7.70B	—	—	"
		Jun 87		Jul 87		Aug 87		
$/Fl C	Fl.200	283	5	43	6.80	15	6.50	Fl.206
$/Fl C	Fl.205	748	0.80	46	2.60	24	3.60	"
$/Fl C	Fl.210	—	—	53	1.10	50	1.50B	"
$/Fl C	Fl.215	—	—	50	0.10	—	—	"
$/Fl P	Fl.200	—	—	370	0.70	5	1.60	"
$/Fl P	Fl.205	1947	0.05	200	2.10	—	—	"
$/Fl P	Fl.210	131	4.30	—	—	—	—	"
$/Fl P	Fl.215	246	9.30	25	10.20	—	—	"
$/Fl P	Fl.220	66	14.70	—	—	—	—	"
$/Fl P	Fl.225	85	19.20	—	—	—	—	"
$/Fl P	Fl.230	97	24.70	—	—	—	—	"
$/FlP	Fl.235	48	29.70	—	—	—	—	"
$/Fl P	Fl.245	30	39.70	—	—	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.200	—	—	60	8.30	5	8.70	Fl.206
$/Fl C	Fl.205	44	4.30	350	6	49	6.70	"
$Fl C	Fl.210	5	2.60	22	4.20	7	4.90	"
$/Fl C	Fl.215	—	—	—	—	10	3.50	"
$/Fl P	Fl.200	16	2.30	10	5	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.480	200	6.90	10	15.50	7	25	Fl.471
ABN P	Fl.460	151	3.60	16	15	5	19	"
AEGON C	Fl.90	338	4.50	77	6.20	89	7.20	Fl.93
AEGON P	Fl.90	33	1.80	9	3	6	4	"
AHOLD C	Fl.95	54	3.80	74	6	—	—	Fl.96.70
AHOLD P	Fl.86.40	—	—	50	0.70	—	—	"
AKZO C	Fl.140	1959	5.80	375	10.70	158	13.50	Fl.143.60
AKZO P	Fl.140	401	1.50	252	4.50	142	6.20	"
AMEV C	Fl.70	328	0.70	18	2.10	—	—	Fl.64.60
AMEV P	Fl.60	17	0.60	21	1.60	2	3.10	"
AMRO C	Fl.75	172	1.50	610	330	17	4.70B	Fl.74.30
AMRO P	Fl.75	35	2	18	4	2	4.50	"
ELSEVIER C	Fl.56	85	0.70	557	2.50	—	—	Fl.51.80
ELSEVIER P	Fl.52	13	1.80	986	3.50B	—	—	"
GIST-BROC C	Fl.50	8	0.40	42	1.20	10	2.20	Fl.44.50
GIST-BROC P	Fl.40	22	0.50	1	1.20	—	—	"
HEINEKEN C	Fl.180	49	2.40	124	6.40	—	—	Fl.176
HEINEKEN P	Fl.170	34	1.30	3	4	—	—	"
HOOGOVENS C	Fl.40	364	3.70	26	4.90	—	—	Fl.42.80
HOOGOVENS P	Fl.40	134	0.80	43	2	20	3	"
KLM C	Fl.50	2820	3	1987	4.10	286	5.70	Fl.52.50
KLM P	Fl.50	293	0.70	385	2.40	189	3.50	"
NED. LLOYD C	Fl.150	28	1.30A	80	4.60	—	—	Fl.142
NAT. NED. C	Fl.70	405	3.30	395	5.30	20	6.80	Fl.71.80
NAT. NED. P	Fl.75	242	3.80	58	5.60	5	6.70	"
PHILIPS C	Fl.50	1447	2	1297	4.10	103	5.10	Fl.50.70
PHILIPS P	Fl.50	435	1.20	377	2.20	204	3.10	"
ROYAL DUTCH C	Fl.260	461	6.40	77	10.20	43	15	Fl.263.50
ROYAL DUTCH P	Fl.270	239	8.20	53	13	—	—	"
UNILEVER C	Fl.680	602	16.90	101	35	76	42.90B	Fl.678.50
UNILEVER P	Fl.660	249	5.60	107	15	49	21.50	"

TOTAL VOLUME IN CONTRACTS: 52,509

A=Ask B=Bid C=Call P=Put

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	6,600	422	−8	Ladbroke	1,600	432	−7
Allied Lyons	3,700	422	−8	Land Securities	2,600	532	−15½
Amstrad	5,450	172	−1	Legal & Gen.	1,100	349	−5
Argyll Group	913	477	−15	Lloyds Bank	1,100	599	−4
Assoc. Brit. Foods	637	408	−3	Lonrho	635	274	+½
BAT	3,400	597	−7	MEPC	1,200	505	−7
BET	1,300	288	−1	Marks & Spncr	4,500	254	−8
BOC	2,100	487	−2	Midland Bank	2,200	613	—
BPB Inds	402	820	−20	NatWest Bank	1,800	728	−15
BPCC	1,300	306	+8	Next	1,000	350	−7
BTR	3,200	328	−7	Pearson	409	662	—
Barclays	1,400	579	−1	P & O	548	700	−4
Bass	473	£10¼	−¼	Pilkington Bros	1,800	953	−19
Beecham	2,300	556	−1	Plessey	10,000	223½	+1½
Blue Circle	553	485	−7	Prudential	315	£10⅛	−6
Boots	3,500	286½	−6½	Racal	3,531	257	−6
Brit. Airways	5,000	146½	−4½	Rank Org	445	784	−9
Brit. Aero	1,400	533	—	RHM	1,500	354	+2
Brit. & Comm.	234	451	−9	Reckitt & Col	83	£11⅝	−⅛
British Gas	23,000	180	−4	Redland	499	535	−4
Britoil	9,900	322½	+7½	Reed Intl.	11,900	576	+30
BP	6,200	367	+9	Reuters	884	809	−25
Brit. Telecom	11,000	293½	−9½	RMC	492	500	−2
Bunzl	1,300	262	+8	RTZ	487	988	+8
Burton	6,400	327	−17	Rolls-Royce	4,750	120	−3
Cable & Wire	2,500	411	−5	Rowntree Mac	180	532	−11
Cadbury Schwps	379	268	−2½	Ryl Bank Scotland	570	356	−6
Coats Viyella	1,000	693	−8½	Royal Insurance	1,000	488	−5
Comm. Union	2,300	355	+1	STC	1,000	307	−4
Cons. Gold	121	£10	—	Saatchi & Saatchi	683	648	−1
Cookson	98	726	−3	Sainsbury	40,000	581	−14
Courtaulds	642	471	−15	Scott & Newcastle	419	244½	−6½
Dee Corpn	3,600	234	−15	Sears	4,900	158½	−4½
Dixons Grp	2,500	375	−9	Sedgwick	693	293	+4
English China Clays	351	468	−9	Shell Trans	2,300	£13¾	—
Fisons	925	381	−3	Smith & Nephew	2,000	179½	−5
Gen. Accident	258	£10¼	—	Standard Chart	411	758	−12
Gen. Elect	11,000	246	−1	Storehouse	1,500	295	−4
Glaxo	2,300	£16¾	−½	Sun Alliance	315	990	−5
Globe Investment	731	182	−½	TSB	7,000	96½00	−2½
Granada	602	346	−2	Tarmac	1,600	29500	−13
Grand Met	3,100	547	−9	Tesco	1,200	584	−16
Gus "A"	297	£14½	−¼	Thorn EMI	2,500	740	−12
Guardian R.E.	281	£10¼	—	Trafalgar House	808	392	−6
GKN	1,700	328	−1	T'house Forte	2,800	259½	−5½
Guinness	3,100	361	−11	Unigate	316	413	−10
Hanson Trust	6,637	161½	−2	Unilever	380	£32⅝	+⅛
Hawker Sidd	935	535	−1	United Biscuits	1,500	319	−11
Hillsdown Hldgs	1,100	296	−11	Wellcome	669	423	−5
ICI	1,700	£14⅜	−⅛	Whitbread "A"	1,200	334	−14
Jaguar	1,800	537	−10½	Woolworth	380	426	−9

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday June 18 1987

Publishing and Printing	+54.83	All-Share Index	+37.55
Property	+53.63	Telephone Networks	+37.44
Health and H'sehold Products	+53.12	Electricals	+35.82
Textiles	+49.72	Stores	+35.81
Metals and Metal Forming	+49.62	Other Groups	+34.95
Oils and Gas	+46.14	Chemicals	+34.88
Contracting, Construction	+45.75	Other Industrial Materials	+34.72
Building Materials	+45.47	Overseas Traders	+34.55
Agencies	+44.53	Motors	+33.44
Shipping and Transport	+43.32	Insurance (Life)	+31.69
Mining Finance	+42.88	Insurance (Composite)	+31.14
Packaging and Paper	+41.87	Financial Group	+31.09
Leisure	+40.96	Brewers and Distillers	+29.28
Consumer Group	+40.91	Gold Mines Index	+28.44
Food Manufacturing	+39.76	Mechanical Engineering	+27.95
500 Share Index	+39.64	Investment Trusts	+23.03
Electronics	+38.70	Conglomerates	+22.08
Industrial Group	+38.57	Banks	+22.07
Capital Goods	+38.03	Merchant Banks	+16.22
Food Retailing	+37.68	Insurance Brokers	+ 8.51

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	100	11	2	295	241	29
Corporations, Dom. and Foreign Bonds	4	23	31	35	79	178
Industrials	395	592	566	3,044	2,006	2,720
Financial and Props.	114	228	255	1,220	627	1,142
Oils	29	34	51	169	159	242
Plantations	3	4	7	12	12	46
Mines	82	30	76	259	290	391
Others	88	64	100	507	301	438
Totals	815	986	1,088	5,541	3,715	5,186

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm. Bk. N. East	9	PK Finans. Intl (UK)	10
American Exp. Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'rantee	9½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	9	Equat'r'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Wllmsn Secs	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp	10	Trustee Savings Bnk	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd	10	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	9	● Robert Fleming & Co	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptrs	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust PLC	9
Bank of India	9	Grindlays Bank	‡9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambro Bank	9	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen. Tst	9		
Beneficial Trust Ltd	10	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Canada Permanent	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Corp. Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sawewise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%

Continued from page 13

SPECIAL LIST

RULE 535 (4) (a)

Bargain marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Acmex Holdings 250ф (17/6)
Acorn Secs 104ф 10ф 3 5 8 10
Allstate Explorations $A1.0
Alltel Corp $28.059ф (17/6)
Amber Golds $A0.525 (16/6)
American Barrick Res Corp Com npv £22ф £21⅞ (17/6)
Airship Industries 48ф 50ф ½ф 1ф 2ф 45 7 8 50 2
Airship Inds $A1.02ф (17/6)
Ames Depart Stores $25⅛ф (16/6)
Amsterdam-Rotterdam Bank £21.7 Fl73.9 (17/6)
Aust Foundation Inv 52ф 4
Aust Oil & Gas 106 (17/6)
Batu Kawan $M4.3278 (12/6)
Beach Pet 31ф (17/6)
Beaver Res 145 (17/6)
Beverly Enterprises 940 (16/6)
Black Hill Mins $A0.396 (17/6)
Bukit Sembawang 105ф (15/6)
CSF (Thomson—CSF) Fr1433ф Fr1405, 15 23 35 25 1428 (17/6)
Centaur Mining & Exploration $A3.13 (17/6)
Central Norseman Gold 126 (17/6)
Central Victorian Gold Mines 12ф 13 (16/6)
Churchill Res 28ф 7 8 30 (12/6)
Conex Aust 5¾ 6
Croesus Mining 29ф 30ф ⅛ф -ф 30 (12/6)
Development Bank of Singapore $S13.7 (16/6)
Devex $41.25
Du Pont (El) de Nemours $115½ф 16ф (16/6)
Emu Hill Gold Mines 9
Energy Oil & Gas 15 (16/6)
Eurocan Ventures 50 (17/6)
Forest Laboratories $27¾ф (15/6)
Fraser & Neave 270ф $S.10½ (16/6)
Free State Cons Gold Mines R0.50 $14⅞ ⅞ (17/6)
General Gold Res $A0.3415ф (12/6)
Geometals $A0.689 (15/6)
Golconda Minerals $A1.515ф 65p (17/6)
Grants Patch Mining 26
Haoma North West 9½ (12/6)
Hexcel Corpn $US47¼ф ⅞ф
Hill 50 Gold Mines 72ф $A1.485ф 1.55ф $A1.64 1.645 (15/5)
Holiday Corpn £14½ (12/6)
Hooker Corpn $2.60ф $A3.565ф (12/6)
Hunter Resources $A1.45
Int Mining $A0.27ф (15/6)
Invincible Gold Nl Ord A$0.30 (A$0.20) 30 $A0.6565 (12/6)
Jamex Resources 60 (12/6)
Japan Fund US$21¾
Jones Mining ($A0.20) 31
Keystone Intl US$19⅜
Kulim Malaysia Ord 45 (16/6)
Kulim Malaysia Ord (Malay Reg) $S1.24 (16/6)
Malayan Cement $S1.641 (16/6)
Malaysian Airline System $M6.05 (16/6)
Matsushita Electric Ind Y2020.0 (17/6)
McCarthy Group 135ф (12/6)
Mid-East Minerals 40 (17/6)
Mincorp Petroleum $A0.264 (17/6)
Mitsubishi Heavy Eng Y606.42 (15/6)
Mount Carrington Mines 260ф $A5.252ф (16/6)
Mount Martin Gold Mines 54
NZ Forest Products 123ф (12/6)
National Elecs (Consolidated) 5½ф (16/6)
Nationale Nederlanden Cva (Fls2.5) £21.15 Fls71
New Town (NT) Props $45.87 (16/6)
New Zealand Goldfields $N4.6 (15/6)
North Flinders Mines £10½ф (17/6)
Oil Search 68ф 71ф 68 70 1 3
Overseas Chinese Bnkg Corpn $S9.45 (12/6)
Palabora Mining R30.0 (15/5)
Pan Pacific Pet 7½ (16/6)
Pargesa Hldgs SA $1.364.0 SF2075.0 (15/5)
Petersville Sleigh 120 (15/5)
Pioneer Electronic Corp Y2580.0 (16/6)
Pioneer Sugar Mills 100 (17/6)
Planet Resources Gp 7 (15/5)
Poseidon 220ф 6ф 7 8 9
Regal Hotels (Hldgs) 202 (16/6)
Service Corp Int $26.59 (17/6)
Singapore Land $5 7 52 (15/5)
Smithkline Beckman Corp $119.81ф (12/6)
Societe Nationale Elf Aquitaine Fr374 761ф 7ф Fr 373⅛ 8 (17/6)
Source Perrier Fr760.80 762.3645 (12/6)
Square Gold Minerals 32ф (16/6)
Surling Petroleum 3¼ (17/6)
Sky Line Expl. NPV 600ф 20ф 625 (17/6)
Swire Pacific B $4 3⅞ (17/6)
Tai Cheung Props $HK4.17085 4.21771 (12/6)
Tandem Resources 80ф $C1.93ф (16/6)
Target Petroleum ($A0.15) 16
Valiant Consolidated 18ф 17
Victoria Expl 14 20 (16/6)
Vuitton (Louis) £110¼ф Fr1077½ 80 (16/6)
Westfield Minerals 118ф
Wong Industrial Hldgs $HK2.284 (16/6)

BANK RETURN

BANKING DEPARTMENT	Wednesday June 17, 1987	Increase (+) or decrease (−) for week	
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	81,606,753	−	988,342
Bankers Deposits	906,324,902	−	37,612,913
Reserve and other Accounts	1,780,723,684	+	64,151,549
	2,783,208,339	+	25,550,294
ASSETS			
Government Securities	477,258,591	−	96,270,193
Advance and other Accounts	973,855,964	+	213,646,204
Premises Equipment & other Secs	1,319,892,487	−	93,468,171
Notes	11,934,209	+	1,624,790
Coin	267,088	+	17,664
	2,783,208,339	+	25,550,294
ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	12,898,065,791	+	48,375,210
Notes in Banking Department	11,934,209	+	1,624,790
	12,910,000,000	+	50,000,000
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	11,287,976,281	+	251,796,516
Other Securities	1,611,008,619	−	201,796,516
	12,910,000,000	−	50,000,000

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St EC4R 9AS — 01 280 2060

American Growth	108.1	113.5	+0.3	1.22
(Accum Units)	113.4	117.0	+0.3	1.22
British Blue Chip Fund	51.5	54.4	1.0	2.22
(Accum Units)	51.5	54.4	1.0	2.22
American Sm Co Fd	51.0	51.9	+0.1	0.45
(Accum Units)	51.0	51.9	+0.1	0.45
American Income	51.7	54.7	+2.4	4.04
(Accum Units)	56.4	59.6	+0.4	4.04
European Growth	137.4	145.3	0.7	0.65
(Accum Units)	142.2	150.4	0.7	0.65
European Income	77.6	82.1xd	-0.4	3.68
(Accum Units)	81.4	86.1xd	-0.4	3.68
General	361.2	382.2	-4.5	1.99
(Accum Units)	600.8	634.9	-7.4	1.99
Gilt	89.6	90.6xd	-1.3	7.00
(Accum Units)	106.6	107.1xd	-1.5	7.00
Global Fund	49.3	53.1	-0.6	0.68
(Accum Units)	49.3	52.3	-0.6	0.68
High Interest Fund	48.0	50.7xd	-0.4	8.74
(Accum Units)	48.3	51.3xd	-0.4	8.74
High Income Fund	51.4	54.3	-0.3	4.84
(Accum Units)	51.6	54.7	-0.8	4.84
Income	117.5	124.3xd	-0.8	3.39
(Accum Units)	134.7	142.5xd	-0.9	3.39
International	294.2	312.3xd	-2.7	1.18
(Accum Units)	369.4	390.8xd	-3.4	1.18
Japan	225.0	238.0	-6.7	0.42
(Accum Units)	230.9	244.3	-6.9	0.42
Pacific Fd	52.5	55.5xd	+0.4	0.10
(Accum Units)	52.5	55.5xd	+0.4	0.10
Recovery	300.7	318.1xd	-1.9	2.19
(Accum Units)	326.9	345.9xd	-2.0	2.19
UK Smaller Co's Fd	51.3	54.2	+0.0	1.85
(Accum Units)	51.3	54.2	+0.0	1.85
Exempt May 27	353.6	362.6	+8.1	2.28
(Accum Units)	553.8	568.0	+12.7	2.28

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	59.6	63.4	-0.4	4.73
Accum Units	59.6	63.4	-0.4	4.73
UK Growth Fund Acc.	61.4	65.3	-0.6	1.53
Global Income Fund	49.5	52.4	-0.7	3.82
Accum Units	49.3	52.4	-0.7	3.82
Global Growth Fund	46.2	49.2	-1.1	0.51

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-59 Ilford Hill, Ilford, Essex IG1 2DL — 01 478 3377

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen Fd	651.2	689.3	+17.0	1.59
Quadrant Income	329.8	349.0	+4.6	4.11
Quadrant Intl Fund	430.2	455.8	+2.3	1.10
Quadrant Spec. Sits	421.2	445.8	+14.4	1.47

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 510033

British Life	236.6	251.7	-3.4	2.28
Reliance Unit Tst (Inc)	160.3	170.4	-2.1	1.90
Reliance Ut Tst (Acc)	215.7	229.4	-2.8	1.90

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool — 051 227 2030

Internat. Growth Trust	49.4	51.9	-0.3	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 — 01-634 2981/4

NC America (Inc)	318.1	330.4	+0.4	0.83
NC America (Acc)	347.5	369.6	+0.5	0.83
NC Inc Fd.	122.7	130.5xd	-1.7	2.89
NC Japan Fd.	214.2	227.8	-2.0	—
NC Major UK Co. Fd	70.7	75.2xd	-0.9	1.58
NC Smllr Australasian	84.9	90.3	+0.8	0.49
NC Smllr Canadian CoFd.	47.8	50.8	+0.1	1.00
NC Smaller Cos	227.6	242.1	-0.3	0.93
NC Smaller European	190.8	202.9	-0.9	0.46
NC Prop.*	155.1	169.5		

*Unauthorised Unit Trust

Rowan Unit Trust Mngt. (a)

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh

Sun Alliance Fund Management Ltd

Sun Life of Canada Unit Mgrs Ltd

Sun Life Trust Mgmt. Ltd
101, Cannon St. London

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.
Pension Fund Prices

Managed Init.	330.3			—
Do. Accum	433.5			—
Property Init.	232.7			—
Do. Accum	296.1			—
Equity Init.	430.4			—
Do. Accum	524.4			—
Gilt-Edged Init.	238.7			—
Do. Accum	291.3			—
Guaranteed Init.	157.3			—
Do. Accum	192.1			—
International Init.	522.7			—
Do. Accum	637.4			—
Index Lk. Gilt Init.	136.1			—
Do. Accum	166.1			—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	299.2	+0.2	—
Property Pens.	393.5	+0.3	—
Equity	196.2	-0.7	—
Equity Pens.	896.6	-5.7	—
Money Market	316.7	-2.6	—
Money Mkt. Pens.	565.1	-4.6	—
Deposit	235.7	+0.1	—
Deposit Pens.	374.3	+0.2	—
Managed	290.1	-0.7	—
Managed Pens.	559.8	-2.1	—
Intl. Equity	339.5	-0.6	—
Do. Pens.	546.1	-1.5	—
Intl. Managed	313.0	-0.4	—
Do. Pens.	463.9	-1.0	—
North American	128.9	+0.3	—
Do. Pens.	147.9	+0.5	—
Far East	297.3	-1.6	—
Do. Pens.	430.8	-2.3	—
Intnl. Currency	174.9	+0.1	—
Do. Pens.	238.8	+0.1	—
Index Linked	128.4	+0.5	—
S & C Managed Fd.	142.9	-0.3	—
S & C Pens Mngd Fd	116.7	-0.4	—

Trustlink Life Funds

Per Worldwide Rec.	158.5	-0.2	—
Per Far East Growth	193.4	+0.1	—
Per Intl Growth	151.5	-0.5	—
Per Income	168.6	+0.1	—

[illegible]

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	56.8	59.8	-0.4	—
Stock Market Mngd Fund	58.1	61.3	-0.5	—
Equity Fund	63.4	66.8	-0.8	—
International Fund	53.7	56.6	-0.2	—
European Fund	55.5	58.5	+0.3	—
North American Fund	49.6	52.3	+0.2	—
Pacific Fund	65.1	68.6	-1.3	—
Property Fund	50.5	53.2	—	—
Fixed Interest Fund	51.0	53.7	-0.7	—
Index Linked Sec Fund	46.2	48.7	+0.2	—
Deposit Fund	50.6	53.3	+0.1	—

NUAM Retirement Plans

Mixed Fund	60.9	64.2	-0.1	—
UK Ordinary Share	72.7	76.6	-0.2	—
International Fund	55.7	58.7	...	—
Property Fund	51.4	54.2	...	—
Fixed Interest Fund	52.9	55.7	-0.4	—
Index Linked Sec Fund	45.9	48.4	-0.1	—
Deposit Fund	52.3	55.1	...	—

NUAM (NF)

Managed Fund	774.8	815.6	-6.4	—
Equity Fund	1684.0	1772.7	-22.8	—
Property Fund	314.2	330.8	—	—
Fixed Interest Fund	375.5	395.3	-5.1	—
Deposit Fund	206.3	217.2	+0.1	—
International Fund	139.5	146.9	-0.3	—
Index Linked Sec Fund	46.2	48.7	+0.3	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor* & Unit-Linked Plus*

Fixed Interest Fund	265.5	279.4	-2.0	—
Index-Linked Sec Fund	130.2	137.0	-4.1	—
Ordinary Share Fund	527.2	554.9	+15.3	—
International Fund	142.5	150.0	+4.5	—
Property Fund	160.5	168.9	+0.1	—
Deposit Fund	163.9	172.5	+0.7	—
Mixed Fund	338.9	356.7	+7.5	—
Norwich Units May 15		972.9	...	

*Prices as at June 2.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99	97	Treas 3pc 1987	99xd	....	3.02	8.73
101	100	Treas. 12pc 1987	101		11.87	8.73
99	97	Treas 7¼pc 1985-88‡‡	99xd	....	7.78	8.42
102	99	Exch 10½pc '88	101		10.35	8.75
103	98	Treas 9¾pc Cv '88	100		9.67	8.77
96	93	Transport 3pc '78-88	96xd		3.11	6.44
101	98	Treas. 9½pc '88	100		9.45	9.00
105	101	Treas 11½pc 1989	103		11.08	8.96
102	97	Treas 9½pc Cnv 1989	100		9.43	8.99
94	89¼	Treas 3pc 1989	94		3.19	6.40
104	99	Treas 10½pc 1989	102		10.23	8.99
103	98½	Exch.10pc 1989	101		9.83	9.07
105	100	Exch 11pc 1989	104		10.58	9.00
95	89	Treas 5pc 1986-89	94		5.26	7.36
108	100	Exch 10¼pcCv '89	104		9.75	7.84
111	105	Treas 13pc 1990‡‡	109xd		11.93	9.00
106	100	Exch 11pc 1990‡‡	104		10.53	9.05
110	104	Exch. 12½pc 1990	108		11.55	9.03
91	84½	Treas. 3pc 1990	90		3.30	6.50
100	93	Treas 8¼pc 1987-90‡‡	99		8.28	8.36
105	97½	Treas. 10pcCv 1990	102		9.73	9.00
89	81	Exch 2½pc 1990	88¼		2.82	6.26
110	103¼	Treas. 11¾pc 1991	108xd		10.88	9.05
95	87¼	Funding 5¾pc '87-91‡‡	93		6.10	7.51
89	80¼	Treas 3pc 1991	87		3.40	6.50
110	100	Treas 10pc Cv '91 ‡‡	106xd		9.38	8.05
109	101	Exch. 11pc 1991	107		10.30	9.04
116	108	Treas 12¾pc 1992‡‡	113xd		11.22	9.04
106	97	Treas 10pc 1992	103		9.67	9.08
49	46	Treas. 8pc 1992 ‡‡(50pd)	46		8.15	8.47
108	99	Treas 10½pc Cv 1992‡‡	105		9.02	9.03

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30¾	22⅞	Sara Lee $1	27⅞xd	−⅛	$1.00	—	2.2
11⁷⁄₁₆	8⅞	Saul (B. F.) $1	9⅜	......	20c	—	1.3
26¼	19⅞	Southwestern Bell $1	24	−⅛	h$2.32	—	5.9
17⅝	14¼	Staley Continental	16¼	+⅛	80c	—	2.9
44⅜	36⅛	Sun Co. Inc. $1	40¼xd	+⅛	$3.00	—	4.6
37	28½	TRW Inc. $1¼	33¼	−⅞	h$1.60	—	3.0
31	25⅞	Tenneco $5	30⅛	−⅛	$3.04	—	6.2
187½	149½	Do 10pcLn.Stk. 91-5	187½	......	10%	—	5.5
26¼	17⅜	Texaco $6.25	23¼xd	−⅛	$3.00	—	7.7
61½	47⅛	Time Inc. $1	60⅞	−⅜	$1.00	—	1.0
14½	11	Tracor $0.33	12⅝	−⅛	40c	—	1.9
24⅝	18⅞	Transamerica $1	22¼xd	+⅛	$1.76	—	4.8
11¼	922p	Transworld Corp $5	11⅛	......	20c	—	1.1
43¼	29¾	TRINOVA Corp.	43¼	......	h$1.00	—	1.4
19⅞	15⅛	USX $1	19⅝	−⅜	$1.20	—	3.7
18⅝	15⅞	Union Carbide $1	18⅞	+⅛	$1.50	—	5.0
35⅜	26⅞	Utd. Technologies	30⅛	−⅛	$1.40	—	2.9
38⅝	27	US West	33	+½	$3.28	—	6.1
25	17⅛	Waste Management $1	25	−½	—	—	—
£22¼	£20½	Whirlpool $1.0	£22⅛	+¼	—	—	—
33⅞	26	Woolworth $3½	32⅞	+⅞	$1.32	—	2.5

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
20½p	10p	Abbot Energy Corp.	20½p	......	—	—	—
25¼	10¼	Amer. Barrick Res.	21	−½	—	—	—
122p	52p	Armeno	89p	−2	—	—	—
19⅛	14⅝	Bk. Montreal ‖	15⅛	......	$2.00	—	6.0
10½	745p	Bk. Nova Scot.‖	818p	+3	72c	—	4.1
20⅝	18	BCE ‖	19¼	+⅛	$2.40	—	5.7
960p	712p	Bow Valley‖	824p	+3	40c	—	2.2
19⅛	12⅝	Brascan‖	15½	+⅛	88c	—	2.6
609p	277p	Breakwater Res.	388p	−22	—	—	—
11⅝	894p	Can. Imp. Bk. $2	996pxd	+4	$1.08	—	5.0
12	865p	Can. Pacific ‖	11⅛	+⅛	48c	—	2.0

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
485	180	Abelscot Group 10p	455xr	−10	3.5	2.7	1.1	48.9
35	28	Aberdeen Am Pet 10p	33	.....	—	—	—	—
125	110	Allied Ins. Brokers	122	−1	L3.5	2.5	4.0	14.2
15½	9	Ardmore Pet. 'A'	12	−½	—	—	—	—
77	45	Catalyst Comms. 5p	70	+2	—	—	—	29.1
200	168	Chelsea Artisans 5p	180	.....	—	—	—	24.1
98	47	Corton Beach 10p	88	+3	0.4	ϕ	0.6	ϕ
200	150	Crown Eyeglass 5p	195	.....	—	—	—	—
225	102	Edensaring Investment	220	.....		—	—	—
*62	18	Eglinton Oil Ir.5p	29	.....	—	—	—	—
41	17	Do. Warrants	19	.....	—	—	—	—
62	17	Publishing Hldgs.5p	62xr	+2	—	—	—	35.9
66	45½	Theme Holdings	64	.....	1.0	ϕ	2.1	ϕ
140	111	Unit Group	140#	.....	R4.6	2.5	4.5	(10.0)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ *Forecast dividend; cover on earnings updated by latest interim statement.*
- ‡ *Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.*
- ☆ *Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.*
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. *B Preference dividend passed or deferred. C Canadian. E Minimum* tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	83	.....	Fin. 13% 97/02	£110⅝	−½
Craig & Rose £1	£171¼	.....	Arnotts	335	.....
Finlay Pkg. 5p	101	+1	CPI Hldgs	57	.....
Holt (Jos) 25p	967	+4	Carrol Inds.	148	.....
IoM Stm. £1	128	.....	Dublin Gas	18	.....
			Hall (R. & H.)	101	−2
IRISH			Heiton Hldgs.	41	+8
Fund 11¼% 1988	£100⅛	.....	Irish Ropes	165	.....
Nat. 9¼% 84/89	£98½	.....	Unidare	375	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	55	TSB	10
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	90	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	25
Glaxo	200	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds	62		
Marks & Spencer	22	Cons Gold	95
Midland Bk	55	Lonrho	26
Morgan Grenfell	35	Rio T Zinc	90

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday June 20 1987

Bank's interest rate policy defended

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR ROBIN Leigh-Pemberton, Governor of the Bank of England, yesterday underlined the authorities' reluctance to cut interest rates in spite of calls from industry for further *reductions in borrowing costs.*

In a speech in the West Midlands, Mr Leigh-Pemberton acknowledged that some industrialists felt that, even after the fall in bank base rates to *9 per cent this year, interest* rates were still too high and were needlessly deterring investment in manufacturing.

Against that, however, output was growing strongly, profits and equity prices were high and prospective returns on real investment were more favourable relative to those on financial assets than for a number of years.

In addition, *although the* pound had strengthened this year, the Bank had been forced to intervene heavily in the autumn to support it. It had then had some difficulty in persuading financial markets that base rates of 11 per cent were sufficient to maintain downward pressure on inflation.

In those circumstances, he said, a move to push rates down prematurely or excessively might boost activity in the short-term but "at the risk of a damaging return to the uncertainty and acrimony of high inflation."

Mr Leigh Pemberton's remark's are likely to reassure the City, where analysts have been expressing concern about the outlook for inflation next year. A fall in the value of *sterling since the general election,* coupled with news this week of rapid growth in bank credit and an upturn in the pace of average earnings growth, are regarded as a vindication of the Bank's cautious tactics in recent months.

Rather than cut rates further in response to the flood of overseas funds into sterling in the run-up to the election, the Bank resisted a rise in the pound's value through heavy *intervention* on foreign exchange markets. This has left it with an additional $9bn (£5.6bn) of foreign currency reserves which could be used to defend sterling *if it continued to weaken.*

However, Mr Nigel Lawson, the Chancellor, yesterday rejected suggestions that the outlook for inflation next year had deteriorated. Commenting *on projections this week from* the Paris-based Organisation for Economic So-operation and Development he described its projection of renewed upward pressure on prices as "somewhat unrealibale."

Although he hoped for a moderation in pay awards, the impact of strong earnings growth on prices was being mitigated by stron productivity gains. That meant that unit labour *costs were not rising* rapidly, which wa ensefhtoo rapidly, which was one of the reasons why British companies were doing well in export markets.

The Chancellor reaffirmed the Government's intention to cut the basic rate of income tax from 27p to 25p but would not be drawn on whether that would be possible in his spring *1988 Budget.*

PCW affair moves nearer to settlement

By Nick Bunker

THE PCW affair at Lloyd's of London moved nearer to a conclusion last night when Lloyd's declared unconditional its offer *of a settlement to nearly 3,000* members of the former PCW syndicates.

The announcement came nine weeks after Lloyd's unveiled its settlement proposal and nearly *five years after it began to* emerge that members of the syndicates had been the victims of a massive fraud.

In April, Lloyd's asked a core group of 1,547 of its members ("names") to contribute up to £34m to a cash fund to provide against net losses of an estimated £235m faced by the syndicates over the next two decades. In return, the Names would be freed from all further liabilities.

Lloyd's refused to comment on the key question of how many of the 1,547 worst-effected PCW names had agreed to accept its terms.

Mr Peter Miller, chairman of Lloyd's, is likely to reveal this figure at the market's annual meeting on Wednesday, Lloyd's said.

Under the terms of the two-part offer, Lloyd's could declare it unconditional only if at least 90 per cent of affected names accepted. However, this *threshold could be lowered with* the consent of Additional Underwriting Agencies Number Three, a caretaker body set [illegible] to manage the syndicates

AUA3 met Lloyd's officials *yesterday, but its directors were* unavailable for comment last night. Mr Christopher Crosthwaite, a solicitor for 450 PCW names, said the body had refused to tell him the level of acceptances yesterday.

Mr Crosthwaite and the PCW 1985 Committee, which represents the 450 names, have criticised the Lloyd's settlement terms because they claim the losses directly arose from fraud by professional members of the Lloyd's market.

However, it is still unclear how many PCW names have rejected the offer and whether they will go on to sue Lloyd's and dozens of other potential defendants allegedly involved

The share prices of two of the potential defendants, Sedgwick Group and Minet Holdings, rose yesterday. Sedgwick gained 4p to close at 293p. Minet closed at 375p, up 3p.

National docks strike urged over proposed Scottish closure

BY JIMMY BURNS, LABOUR STAFF

LEADERS OF the Transport and General Workers' Union yesterday called for a national docks strike unless the Clyde *Ports Authority* withdraws or delays its planned closure of the Greenock container terminal.

The union says the announcement by the authority that it is closing the terminal on June 30 and shedding 66 dockers' jobs is in breach of the 40-year-old National Dock Labour Scheme.

The statutory scheme sets, by joint consultation, the size of workforces in most large ports in the UK. Under its terms no registered docker can be sacked and should, as a last resort, be offered alternative employment in the local area.

Differences between employers and the TGWU over interpretation of the scheme sparked off two national strikes *in 1984 during the miners' dispute.* However, the employers last night appeared confident that a further strike would not develop on Thursday when the TGWU's docks and waterways committee is to recommend a national stoppage to a delegate *conference in London.*

Mr Nicholas Finney, director of the National Association of Port Employers, said the strike call was "very premature and unhelpful." However, he said *he expected a solution to* emerge from a meeting on Monday between union leaders and representatives of the ports authority.

The association is understood to have recommended that the Clyde dockers be offered a similar severance pay to that already offered to those employed in the ports of London and Liverpool. The scheme involves maximum severence payments of £35,000, compared with the current national severence pay for dockers of £25,000.

The association is also *believed to be urging that the* port authority delay its closure date for the Greenock terminal to allow dockers more time to accept voluntary redundancy.

The Greenock terminal is closing because of the decision by its main customer, Hapag *Lloyd, the West German shipping* line, to move its operations to Liverpool.

The port authority last night expressed surprise at the TGWU's announcement. *Although it* reasserted its intention of closing the terminal and *not* re-employing the 66 dockers, it indicated it was ready to explore the subject in more detail at Monday's meeting.

About 10,500 dockers currently registered with the National Dock Labour Scheme handle some 80 per cent of Britain's seaborne trade. The TGWU has in the past regarded its uncompromising defence of the scheme as fundamental to its attempts to slow down the haemorrage of jobs in the industry.

The current number of registered dockers compares with a peak of more than 80,000 in 1971.

Cuts in Canadian income tax planned in sweeping reform

BY BERNARD SIMON IN TORONTO

CANADIAN personal and corporate income tax rates would be cut in a planned sweeping reform of the federal tax system.

At the same time, under the *long-awaited package outlined* in a White Paper published on Thursday night, many concessions to special interest groups would be eliminated.

The aim is a shift in the tax burden from individuals to companies. It is expected to benefit 80 per cent of individual taxpayers but to result in higher payments by financial institutions, property groups, manufacturers and mining companies.

Mr Michael Wilson, Finance Minister, said: The proposals "are designed to be neither a revenue grab nor a windfall.

The changes would have little overall impact on the federal budget deficit, which is expected to edge down from C$29.3bn (£13.4bn) in the current fiscal year to C$28.9bn in 1988-89.

In spite of the elimination of many tax breaks, the business community yesterday generally welcomed the package as an important step towards bringing Canadian corporate tax rates into line with the US. The proposals were largely ignored by financial *institutions'* shares fell on the Toronto Stock Exchange.

Tax reform is a key element in the Progressive Conservative Government's efforts to restore its sagging political fortunes. *Significantly, the proposed cuts* in basic tax rates would take effect next year before the general election, which is expected to be called in late 1988 or during 1989.

On the other hand, no data has been set for implementation of a controversial tax on consumption which is likely to become one of Ottawa's largest revenue sources. Mr Wilson said the Government was considering three options: A national sales tax, combining a federal levy with existing provincial retail taxes, "a European-style value-added-tax," and a "goods and services" tax.)

The white paper proposes cutting the number of personal tax brackets from 10 to three, with the top marginal rate falling from 34 per cent to 29 per cent. (The 10 provinces also levy varying rates of income tax).

Low and middle-income wage earners would generally benefit at the expense of the self-employed and wealthy, who have up to now been able to *make extensive use of tax* shelters. The average household's tax bill would be expected to fall by C$295 next year.

The general corporate tax rate would fall from 36 per cent to 28 per cent next *July,* with the rate for manufacturers dropping in stages from 30 per cent to 23 per cent in mid-1991.

Elimination of various tax breaks is expected to broaden the corporate tax base by 20 per cent. Capital cost allowances would be trimmed.

A special tax will be levied immediately on preferred share dividends. Only 80 per cent of the cost of business lunches and other entertainment expenses will be deductible.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in penee unless otherwise indicated)

RISES				
Bramall (C. D.)	440	+ 33	BPB Inds.	820 — 20
Burmah Oil	592	+ 15	Barratt Dev.	210 — 6
Copson (F.)	325	+ 55	British Telecom.	293½ — 9½
Ford (Martin)	160	+ 13	Burton	327 — 17
ML Hldgs.	752	+ 14	Courtaulds	471 — 15
Oxford Instruments	359	+ 10	Glaxo	£16¾ — ¼
Reed Intl.	576	+ 30	Kwik Save	408 — 18
FALLS			Land Securities	532 — 15½
Treas. 13pc 2000	£127⅞	— 1⅛	NatWest Bank	728 — 15
Exch 12pc '13-17	£130⅜	— 1⅞	Olives Paper Mill	113 — 25
Abbey Life	266	— 12	Pilkington Bros.	953 — 19
Argyll Group	477	— 15	Sainsbury (J.)	581 — 14
			Whitbread A	334 — 14

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	20	68	Dallas†	S	23	73	Madeira	S	22	72	Prague	F	18	64
Algiers	S	27	81	Dublin	S	16	61	Madrid	F	28	82	Rykjvk	C	11	52
Amsdm	R	13	55	Dbrvnk	S	21	70	Majorca	F	23	73	Rhodes	S	25	77
Athens	F	26	79	Ednbgh	F	15	59	Malaga	S	33	91	Rio J'ot		—	—
Bahrain		—	—	Faro	S	23	73	Malta	F	22	72	Rome	F	21	70
Barcina	C	20	68	Florence	C	22	72	M'chstr	R	13	55	Salzbrg	F	20	68
Belfast	S	17	63	Frankft	C	16	61	Melbne	C	15	59	S'ciscot	C	12	54
Belgrd	F	22	72	Geneva	R	11	52	Mex C†		—	—	Seoul	R	24	75
Berlin	F	17	63	Gibrltr	S	26	79	Miami†	S	29	84	Singapr	F	32	90
Biarritz	R	16	61	Glasgow	F	17	63	Milan	C	17	63	S'tiago†		—	—
Bmghm	R	10	50	G'rnsey	C	17	55	Montrl†	C	19	66	Stckhm	R	12	54
Blackpl	F	17	63	Helsinki	R	12	54	Moscow	C	19	66	Strasbg	R	14	57
B Aires		—	—	H Kong	R	26	79	Munich	F	18	64	Sydney	F	19	66
Bombay	F	32	90	Innsbrk	F	21	70	Nairobi	F	23	73	Tangier	S	22	72
Bordx	C	17	63	Invrnss	C	12	54	Naples	F	22	72	Tel Aviv	S	28	82
Boulgn		—	—	IoMan	S	15	59	Nassau		—	—	Tenerife	S	25	77
Bristol	C	12	54	Istanbul	R	18	64	Nwcstl	C	13	55	Tokyo	S	26	79
Brussels	R	14	57	Jersey	C	14	57	N Delhi	S	28	82	T'rnto†	F	19	66
Budpst	S	19	66	Jo'burg	S	9	48	N York†	S	24	75	Tunis	S	28	78
Cairo	S	34	93	Leeds	C	11	52	Nice	R	16	61	Valencia	F	32	90
Cardiff	C	14	57	L Palms	F	22	72	Nicosia	S	27	81	Venice	S	21	70
Cape T	S	17	63	Lisbon	F	22	72	Oporto	Dr	17	63	Vienna	F	17	63
Chicg†	S	24	75	Locarno	C	11	52	Oslo	C	13	55	Warsaw	F	15	59
Cologne	R	14	57	London	C	15	59	Paris	C	15	—	Washgtn	S	21	70
Cpnhgn	C	11	52	L Ang†	S	15	59	Peking	S	29	84	Wellgtn	S	14	57
Corfu	S	24	75	Luxmbg	C	12	54	Perth		—	—	Zurich	R	13	55

C—Cloudy. Dr—Drizzle. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Greyhound agrees deal to buy Trailways for $80m

BY ANATOLE KALETSKY IN NEW YORK

GREYHOUND LINES, the leading US bus company, which was threatened last year by air fare wars and the long-term decline in bus travel, is planning to buy Trailways, its main competitor.

The deal would create a near-monopoly in bus transport throughout much of the US.

The agreed acquisition of Trailways for $80m (£49m), if approved by the Interstate Commerce Commission, could be the key to the strategic plans of Mr Fred Currey, the Texas entrepreneur who bought Greyhound Lines for $350m from Greyhound Corporation three months ago, amid widespread scepticism about the future of long-distance bus travel in the US.

The deal agreed with Trailways, a privately-held company, will include a commitment by Greyhound to maintain services where Trailways has a monopoly, but will involve the purchase of only 450 buses out of Trailways' fleet of 1,200. Mr Currey said no decision had been made about the future of Trailways' 2,200 employees.

Bus transport to small communities beyond the reach of *airlines is generally considered* a potentially viable business, particularly after the steep pay cuts Mr Currey has managed to force on Greyhound's employees since his acquisition.

There has been considerable doubt, however, about Mr *Currey's apparent determination* to keep Greyhound in the long-haul travel business, running frequent scheduled services on the 72-hour run from New York to Los Angeles, for *example.*

By eliminating Trailways as a competitor for the limited number of passengers on the main long-distance routes, Mr Currey would appear to stand a better chance of maintaining his group's profitability.

Yet with continued fare cutting this summer — in spite of the recent wave of mergers in the airline industry — there has been little let-up in financial pressure, leaving Trailways easy prey to Mr Currey's advances, and increasing the likelihood of regulatory approval for the proposed merger.

Mr Currey said yesterday: "Without intervention, the collapse of Trailways is imminent. If that happens, public transportation will be disrupted in parts of 17 states where *Trailways was the only bus* service to some communities, and several thousand people will be out of work."

Project to build biotech plant in Scotland is abandoned

By James Buxton, Scottish Correspondent

THE Scottish Development Agency is to abandon a project for a large biotechnology plant at Livingston, near Edinburgh, because of deep uncertainty about plans by the US company Damon Biotech to use it.

The 70-000-square-foot plant was originally to have come on stream this autumn to make monoclonal antibodies — man-made antibodies used to fight invading organisms in the human body. But the project has been stalled since last summer, while both Damon and the SDA have reassessed it.

Now the SDA, which has spent £3m on the plant so far, has decided that it cannot keep it available any longer for Damon and will try and sell it *to another user. Along with* other venture capital investors the SDA is withdrawing from Damon UK, a subsidiary of the US company in which it had invested £50,000.

With the other investors, who are led by the US venture capital company Advent, it will be converting its shares in Damon UK into shares in Damon in the US. At current values the investors stand to make a profit on the sale of the US shares.

The original project, costed at $40m (£25m), to manufacture monoclonal antibodies at Livingston was thrown into doubt when the market for these products failed to develop as quickly as Damon had expected.

The company then turned its attention to another biotechnology product, tissue plasminogen activator, which is designed to thin blood clots *in heart patients.*

It requires a different manufacturing process, however, and it was clear that it might be years before Damon would be ready to produce the product on a large scale. The SDA decided it could not keep the shell of the building lying idle for an indeterminate length of time.

"It's with our blessing that the *SDA* are *seeking to make* good use of the plant in the interim," Damon said yesterday. It held out the possibility of the company's occupying the Livingston plant at a later date —if it has not been sold to someone else—or using a facility nearby.

Thanks to the share conversion option, Damon said there *would be "no harm done to the* investors."

An agreement finalising arrangements between Damon and the investors should be signed in a few weeks.

A bitter pill, Page 3

Continued from Page 1

Lloyds

banking group.

Lloyds' retreat from the gilt-edged market is certain to be viewed in the City as a direct consequence of its decision, unique among the clearing banks, to try to build up its *own business rather than* buy an existing gilts firm. Although Lloyds hired exprienced market-makers and promoted the business heavily, it made less of an impact than the other *banks and did not have a ready-made* client list to draw on.

Its departure will bring only a small measure of competitive relief to the remaining 26 members of the market. But even this is likely to be short-lived, because the Bank of England will be entertaining applications from new would-be entrants in October, when the Japanese houses are expected to put their names forward.

Continued from Page 1

Sainsbury

about 20m new Sainsbury shares, which should raise about $188m.

The two-stage purchase of the Davis family holding was arranged to comply with US anti-trust legislation, which would require Sainsbury to wait before moving beyond a 50 per cent holding.

Shaw's made a public offering of 10 per cent of its stock in December.

Sainsbury first planned its *move into the $250bn a year* U Sgrocery market about 10 years ago, when it decided to diversify. In the UK since then it has developed interests in do-it-yourself through the Homebase chain, and moved into Savacentre hypermarkets in a joint vneutre with BHS, part of the Storehouse group.

THE LEX COLUMN

Midsummer misery

By yesterday's close the equity market had lost nearly all of its *post-election froth,* while gilt-edged stocks (except for index-linked) and sterling were looking decidedly weak. The initial enthusiasm for the Thatcher third term has quickly *been replaced by a more realistic* look at the various markets' longer-term prospects and a bout of profit-taking.

The absence of the foreign buyers' spree, which had always been a rather *fanciful* idea, was but a part of the end-of-week gloom. More disquieting, because the foreigners could still arrive, has been the economic news. The spectre of inflation emerging from an overheated economy reliant on a credit boom may be a little dramatic. Earnings growth looks still well under control.
rapid, but unit labour costs are

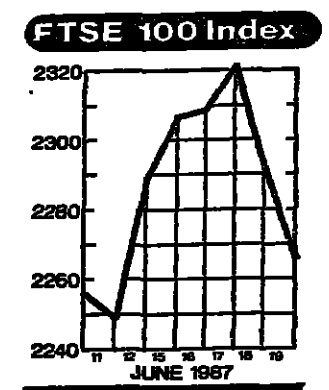
As for the money supply, the authorities no longer worry so much about the broader aggregates, which are the ones that are running away. Economists may wonder whether Goodhart's Law—that if you target a variable it no longer works—holds true in reverse, and the untargeted sterling M3 is now telling the truth. Certainly, the chances of a base rate cut look to have vanished at least for some while—as the Bank of England governor was saying—and there is even a case for saying that the interest rate cycle has bottomed. Gilt yields back above 9 per cent are not a pretty sight. That alone would make Lloyds Bank better off for getting out of making markets in bonds.

The OECD's view of the world economy was also rather depressing, even though it put the UK's growth rate above other countries. The UK economy is heavily dependent on *exports (far more so than* Japan, surprisingly) and if other countries' growth slows, the UK's may follow later.

The equity market has also had to cope with some heavy *funding. There had been talk* of a renewed bout of takeover activity after the election, but so far it seems limited to companies raising money in London to spend in the US—not *at all what the speculators had* hoped for. Meanwhile, calls on privatisations and the flotation of BAA will put something of a strain on the investment institutions' resources.

Sterling's sudden dip at the end of the week, having failed to rush up to DM 3 immediately after the election, seems to depend on the dollar's recent stability. If that currency were to recover, as some *analysts* are now arguing, sterling could be left far behind. And those foreigners who might have thought to combine currency gains with investment profits may be thinking again.

Index fell 24.8 to 1758.3



Norton Opax

Norton Opax—like other takeover arrivistes—is feeling the effects of paying an exceptionally full price for the target and then discovering it to be as patchy as the businesses from which it is *seeking* to diversify. A smokescreen around the year-end figures effectively disguises the difficulties, but investors may have to swallow the "trust us" rhetoric for some time to come before one step back really does become two steps forward.

Earnings per share were at least slightly up (although falling some way short of last *October's forecast*), as were margins. However, a large chunk of bid and reorganisation costs has been charged below the line and if Norton really has met its own profit forecast *(stripping out the four months* from McCorquodale) it seems a bit churlish not to break the figures down.

Still, bad luck with the associates and lost contracts should not be repeated, and bid disruption may explain some second - rate performances among the subsidiaries. Sales of properties and businesses should now help bring the gearing down and Norton's squeeze [illegible] management may eventually set the earnings motoring.

In the meantime, former McCorquodale *shareholders* can gloomily contemplate the Norton share price underperformance and be thankful that the prospective multiple is only at a 15 per cent discount to the sector. Most will probably wait and see; unlike the Kuwait Investment Office, they do not have core underwriting fees to compensate for the weak *share* price. But the downside should be limited by Mr Maxwell, who reluctantly handed Norton the prize last year, and may yet return to gobble up the merged group if he can sell-on the book printing.

Sainsbury/Shaw's

With a typically cool head and steady hand, Sainsbury has completed the slow-boat journey across the Atlantic. In the UK, Tesco's net margins (and rating) may be creeping close but its recent acquisition of Hillards can hardly match the value of the 18 times prospective multiple that Sainsbury is *paying for Shaw's. With growth* in market share slowing down in the UK, the Sainsbury diversification plan is still nicely on course. Keeping it there is no doubt worth a bit of dilution for the family.

Caradon

A flotation of any decent size, barring privatisations, is rare enough these days to create interest in the Caradon new issue even before the prospectus appears on Monday. And since the company which emerged from Reed less than two years ago has had a similar success in sorting out problems as its former parent, *it* merits consideration. What is *more enticing is the thought* that as none of the original investors are selling shares it must have been easier for the advisers to take a cautious line on pricing.

At 14½ times historic earnings, and perhaps 11½ times or even less prospective, the 250p *issue* price and £134m market capitalisation hardly seems greedy. The rapid rate of profits growth, partly due to one-off costs savings, will not continue. And there are parts of the business, such as the plastic mouldings side, which are not exciting. But with half group trading profits coming from the currently booming bathroom market, Carado nshould make a splash unless the market plunges.

WEEKEND FT

Saturday June 20 / Sunday June 21 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Haunted by the old demons

David Marsh finds that, four decades after the war, West Germany still feels spiritually oppressed by the past—and by a sense of schizophrenia made visible down the East-West divide

RICH, BOTHERED and divided, West Germany this week went through an annual ritual of hope and hopelessness. Like a murder plot deprived of a body, the country was celebrating its national day without a nation.

Der Tag der Deutschen Einheit, the Day of German Unity, proclaims the togetherness of a land splintered down the East-West fault line — and confirms the Federal Republic's collective condition of schizophrenia which seems, if anything, more fascinatingly acute with each passing year. An ingot cast out of the slag of war, West Germany is fated to be a country of contrasts — and of souls which if they are not always tortured, are at least perennially being searched.

The public holiday last Wednesday mourned and lauded the uprising of East German workers on June 17 1953. The revolt, put down bloodily by Soviet troops, sealed East Germany's fate under communism — and consummated the cleavage of the Reich. The day offers an annual opportunity to ask questions about the post-war order. An increasing number of West Germans, in spite of — and perhaps also because of — their material well-being, find the status quo, both of the country and in their personal lives, unsatisfactory. A source of their frustration is, however, that they have no very credible alternative to put in its place.

Four decades after the end of the Second World War, West Germans believe, with mounting and often justified self-assertiveness, that Hitler's debts have been paid; their guilt expunged. But with detachment has come a sense of brooding over past sins, underlined by the continuing stream of books (some, though, translated from American authors) and documentaries on the Nazi era.

The feeling of still being weighed down, spiritually, by the past, both feeds on the German tendency to analyse, agonise and to look — sometimes with a curious form of fatalistic good cheer — on the black side. Goethe's axiom, "The Germans make everything difficult, both for themselves and for everyone else," still seems to hold good.

Mrs Elisabeth Noelle-Neumann, head of the Allensbach Research Institute, is the doyenne of German opinion pollsters. In a new book* based on a mass of statistical detail, she classifies the nation as lacking in warmth, enterprise and joy of life. "The Germans are vulnerable, because they have already been wounded."

Mrs Noelle-Neumann can hardly be accused of a professional interest in castigating her compatriots. Her institute's polls, showing a relative increase in German optimism over the past four years, were made much use of by Chancellor Helmut Kohl in the run-up to last January's general election.

Drawing on an international survey of attitudes and opinions culled through 16,000 interviews in 10 European countries and the US, she writes that Germans tend to oscillate, more than other nations, between euphoria and depression, symptoms of "what could be called, superficially, a neurotic, irritable disposition, of broken pride."

The memory of past excesses has helped build into the political system the checks and balances which today make West Germany not only one of the world's most prosperous countries but also one of its model democracies. At the same time, however, even sober-minded people believe that old demons have not been entirely locked away. This is a strong reason for caution in the government's economic policy — for example, over the social risk in any rekindling of inflation or a build-up of public sector deficits.

It also colours the view which comes up surprisingly often, that the Germans need somehow to be saved from themselves. "The Germans have suffered during their history a series of monumental reverses. We have been branded by fate to be more fearful than other people — and more concerned about our security," says Mr Rudolf von Bennigsen-Foerder, chairman of the Veba energy and chemicals group.

Mr von Bennigsen, one of the country's first top businessmen to proclaim support for ecologist views (though not for the anti-nuclear Greens Party) was born with a sense of history. His forebear of the same name founded, in 1866 the National Liberal Party, which worked hand-in-hand with Bismarck in the original unification of Germany in 1871.

A senior official at the Economics Ministry also looks back, unprompted, at the past. Commenting on the fierceness of German opposition debate over nuclear energy — in the land whose scientists first split the atom (in 1938) — he says it reminds him of the horrific religious struggles of the Thirty Years' War. "How can foreigners understand this devil's dance?" he asks.

A top economics adviser to Mr Kohl grimly regales his visitor with memories of being driven out of the German-settled Sudetenland in Czechoslovakia, in January 1946. Reflecting that West

Germany cannot afford any upsurge in nationalistic spirit, he dwells, without being asked, on the fact that initials such as SS (for example in car registration numbers, or to denote a *Staatssekretaer*) are still banned. "When I see American football supporters shouting, I get gooseflesh," he says.

Adding to this is a feeling of physical danger engendered by the highly-militarised state of West Germany, and its closeness to the front line. This perception of insecurity, in a typical German paradox, has been, if anything, heightened by the imminence of nuclear disarmament accord between the superpowers. The US-Soviet agreement on removing medium-range missiles from Europe — so the Bonn government argues — will expose the country all the more to the Warsaw Pact's conventional forces.

"The unwritten rule of Nato is to obscure the nasty position on which geography has placed the Germans," says Mr Josef Joffe, foreign editor of the *Sueddeutsche Zeitung*, one of the country's leading newspapers. "If war breaks out, it won't be in Normandy. Germany is the natural venue and victim."

Unity Day this year was given special point by a new political debate which has flared up over prospects for "reunification" with East Germany. More West Germans now say they want this (81 per cent according to a recent opinion poll, against 66 per cent two years ago). But the significance of June 17 for ordinary West Germans (who already have more public holidays than in any other developed country except Portugal) has generally fallen over the years.

The Germans are uniquely — somewhat depressively — able to spot and analyse the gap between the desirable and the attainable in their own aspirations. Only 8 per cent of the population believe that reunification is possible in the next decade—far fewer than believers registered during polls in the 1950s.

How should any hope of reconciliation, of a rekindling of German nationhood, be kept alive when blood and barbed wire and a wall in Berlin and the interests of the superpowers all speak against it?

Taking their lead from the founding fathers of the Federal Republic, politicians on the German Right are clinging to the Basic Law, or provisional constitution of 1949, which sets down reunification as the state's prime goal. But the point made, somewhat over-anxiously, by politicians of all hues is that there should be no new forging of an aggressive nation-state à la Bismarck. A confederation for some, a "reassociation" for others, seems to be the most feasible long term aim.

In a way, in a country where federalism during the last few years has been steadily complicating decisive central government from Bonn, spirits are harking back towards the loosely-knit Holy Roman Empire, when Germany consisted of a patchwork of disparate kingdoms, principalities and fiefdoms plastered over the map of middle Europe.

To try to foster togetherness eight East and West German towns have now signed "twinning" accords under arrangements inaugurated last year. The Bonn government says a total of 350 West German towns and communities are interested in the idea.

The twisted state of relations between the two Germanys, split up and yet so close together, was brought into focus last week by clashes between East German police and rock music fans listening to a West Berlin pop concert from the eastern side of the wall. This was just a few days before President Ronald Reagan, standing at the Brandenburg Gate, called for what he knew to be impossible — for the Wall to be torn down.

The Bonn government protested officially about mistreatment of West German journalists trying to cover the event. But secretly it must have been rather pleased that East German youngsters are shouting for reforms in Eastern Europe's most puritanically communist state. And by flinging insults and beer bottles at the police, they are also showing a measure of similarity with West Germany's protest-prone youth.

For all the frequent swapping of invective between Bonn and East Berlin, the Kohl government is looking forward to the chance of welcoming the first East German leader to West Germany.

Part of the attraction for both sides is its looking-glass ambiguity. No-one can say firmly whether the overriding purpose of his visit would be to confirm East Germany's self-proclaimed credentials as a fully independent state—or to lay down a marker, for future generations, that will eventually bring the two Germanys together again.

The chimeric, confused nature of the objective has caught Chancellor Kohl in a tangle. Tough in political sparring, but an intellectual bumbler, (he was once described by President Francois Mitterrand as "simple but willing"), Kohl, aged 57, is the first Federal Chancellor not to have been directly involved in the war. During the run-up to the January election, he evoked constantly the goal of a reunited "fatherland." He aimed to touch a chord among many ordinary Germans (including many left-of centre voters) who want to feel proud again of their country.

But Kohl has now become obviously alarmed at the impact, over the last few weeks, of the reunification debate, especially in France. Despite post-war *entente*, scars remain from three invasions, since 1870, by Germany. During talks in Paris last month, Kohl was anxious to assure his hosts that the talk of reunification was "blooming rubbish" — earning some rebukes from his own supporters.

The sense of split personality is apparent in many other areas of German life. For instance, West Germany has the lowest birthrate in the world. It is half thrilled, half horrified at the prospect of seeing a 30 per cent decline in the population over the next 40 years, from 61m now to 42m in 2030. Depopulation will help ease the unemployment problem from the 1990s onwards—but it is adding to the country's *angst*-laden preoccupations over the long-term stability of its social security and pensions system.

However people cannot quite bring themselves to follow the exhortations to be *kinderfreundlich* (child-friendly), much put about by politicians. East Germany, where many more women go out to work, has a slightly higher birth rate—but comes just above West Germany (with Austria) at the foot of the world procreation league table. Perhaps there is a form of logic to it. West Germany and Austria, the depleted rumps of old empires, are the two industrialised countries (apart from Finland and Denmark) with the highest suicide rates.

Worries about depopulation rival those about deforestation. Ecological consciousness, another symptom of insecurity, is higher than most other countries in Europe especially among the young.

The gulf between parents and children is wider and deeper in West Germany than anywhere else—an important factor in the general feeling of dissatisfaction and restlessness revealed by the survey.

Only 49 per cent of West Germans believe they have the same views as their parents on morality (compared with 84 per cent in the US and 76 per cent in Britain).

The parental gulf is inevitably linked to war responsibility—the focus of a spectacular effort to untangle emotions made by Mr Bernhard Sinkel, the 47-year-old left-wing film producer. His DM 18m TV fiction-cum-documentary film, *Vaeter und Soehne* (Fathers and Sons), starring Burt Lancaster, told the story of I. G. Farben, the mighty chemicals group which played a vital role in Hitler's war effort, including some part in concentration camp atrocities.

Shown over 8½ hours of prime time in West Germany (and in other European countries) last winter, it was meant to shed a little more light on Germans' uneasy heritage, Mr Sinkel says—and it was also an effort towards his personal reconciliation with the past. His own father worked in a top position for I. G. Farben during the war. His great-uncle was one of the I. G. Farben executives given a prison sentence at the Nuremberg trials.

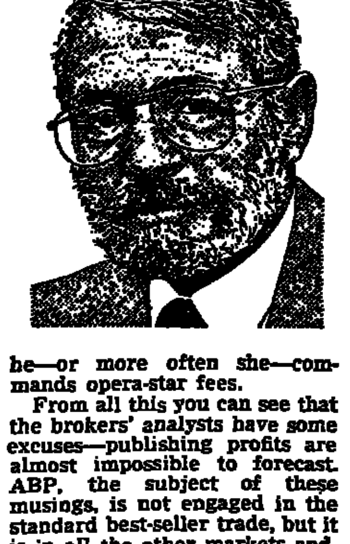
"I loved my father, but he disappointed me terribly," says Mr Sinkel. The effort of making the film, however, helped him to come to terms with his own family history—a small pointer towards the day, which can surely not be too many years off, when Germans can finally emerge from the shadows.

* *Die Verletzte Nation, Deutsche Verlags-Anstalt.*

The Long View

A display of literary licence

The sealed-bid auction which ended this week in the sale of Associated British Publishers at well over 2.5 times the pre-bid market price provokes a different kind of speculation from Anthony Harris



WHEN A company which was trading quite happily in a bull market at 273p just three weeks ago is acquired in an agreed bid for 730p a share, only two conclusions seem possible. Either the bidder is out of his mind, or the market is not nearly as well-informed as it likes to suppose.

Market men might well prefer the mad bidder theory. However, in the auction for Associated British Publishers the winner, Thomson International, was only a few pence ahead of two rivals—Gulf and Western, a large conglomerate, and Pearson, which among other things owns this newspaper. Which leaves me in a slightly awkward position.

First, a word about the subject in general. Publishing sounds like a thoroughly gentlemanly and cerebral way of earning a living, but the mainstream industry is quite different.

It is partly entertainment. It has the whole soap-opera cast of stars with astronomic fees, would-be stars, rapacious agents, hype, hits, flops, and for all I know casting-room couches. This is the speculative end of the business.

Then there is solid family fare, rather like mainstream television — cookbooks, guide books, issues of the day, biographies of Royals and others. This is highly competitive, but reliable—like running supermarkets.

Finally there is the information business—law and medical books and all the other working tools which come at the moment in dust wrappers, but may increasingly be sent out on discs or along wires. This professional market is the Savile Row end of the trade, catering for small but rich markets.

University texts are different again, producing pretty low routine rewards, but the occasional goldmine in the form of a text which becomes a widely-adopted standard. This is a little like drilling for oil; the successes really are gushers. The only thing to compare with them is a best-seller by a previously unknown author before he—or more often she—commands opera-star fees.

From all this you can see that the brokers' analysts have some excuses—publishing profits are almost impossible to forecast. ABP, the subject of these musings, is not engaged in the standard best-seller trade, but it is in all the other markets and, as is well-known, it had a huge stroke of luck with Adrian Mole. It also has big professional lists (which ought to be relatively easy for an analyst to value), and a lot of academic and reference books; as well as a presence in various niches such as feminism and the occult.

We can, then, allow more than the usual latitude in pricing a prospective bid; but not enough, surely, to persuade three sober conglomerates to offer nearly three times the previous market valuation. We are still left with alternative diagnoses, none of them too flattering to the market. Here are four:

- All the bidders know something the market doesn't—an unsung Adrian Mole, or a decision by a prestigious university or two to prescribe a new text as standard reading. It is actually impossible to imagine any secret of this kind which could double the value of ABP.
- There are enormous economies of scale, or advances in marketing possibly as a result of a merger.
- That this was a race for the last big prize. ABP was the biggest group that didn't belong either to a conglomerate or a university. Here the market has a sort of alibi since there was a big family holding. ABP would either remain independent or go for a big premium, and perhaps the pre-bid price reflected a view that the odds against any successful bid were very long. But this judgment proved wrong, and so was the market's assessment of the likely premium once the bid was announced.
- We are back to the collective insanity of bidders (and remember that another three dropped out before the auction). This is always a danger in a roaring bull market, and lets analysts off the hook as far as the ABP share price is concerned. However, it suggests that the strategies of all the bidders might merit another look. (The winner, as a largely close company, may escape this examination.)

The newspaper reports have suggested a fifth explanation: that publishing legal books is prospectively so lucrative that almost any price was justified. This can only be true if the American disease of litigation, which has devastated whole industries, is about to infect the whole common-law world—a possibility too horrible to contemplate.

It is time to sum up, and draw a moral or two from this odd tale. Of my four possible explanations, I will reject the first—or rather, include it in the general difficulty of guessing (or for that matter justifying) values in what is a highly speculative business.

All the same, there is a moral of a kind. In a raging bull market, when investors—and company directors—may well be feeling a little queasy about reigning values, there is a tendency to over-value the Klondyke element. At least something might happen in the future to justify the price.

The second explanation, if true, is probably depressing. Study after study has shown that the supposed benefits of mergers are much smaller, and much harder to achieve, than the parties fondly suppose. Be warned.

The third and fourth explanations really belong together. High share values can easily go to the heads of companies, so that they will make offers in a competitive situation, or simply in pursuit of empire-building, which would not allow them much sleep at other times.

That is a general warning, of course. I will leave the reader to determine how far it may apply to the ABP saga.

• C O N T E N T S •

Investors stay aloof

THE HOPE in London a week ago was that once the world caught on to the fact that Mrs Thatcher was going to be in Downing Street for years to come, foreign investors would come rushing in to support a market which, on fundamental grounds, was beginning to look decidedly pricey. *In the event,* they didn't.

Sterling actually eased a little lower over most of the week, and yields edged higher both at the short and long ends of the debt markets. Although *a couple* of the big building societies cut their lending rates for new borrowers on Wednesday, there were no signs of a general reduction in base lending rates.

That has implications for equities. Although it has become decidedly old-fashioned to talk about the yield gap, the fact is that it is very wide indeed at present. According to Wood Mackenzie, the yield ratio between high coupon long-dated gilts and the All-Share Index has climbed to an all-time high.

In addition, the market is having to absorb a large volume of opportunistic rights issues and placings. Over the past 10 days, takeover activity has brought the prospect of secondary issues from BPCC, Williams Holdings and WPP worth a total of over £1bn.

Since the election, there has also been a whole stream of companies — mostly tiddlers — announcing plans for coming to the market for the first time. No doubt they have been inspired by the excitement generated by the recent offer for sale of Tie Rack—even though the premium shown at the end of its first day's trading this week was not so amazing after all.

A number of major company announcements have contributed to the market's mild hangover. It is not so much that they have been bad—but

London

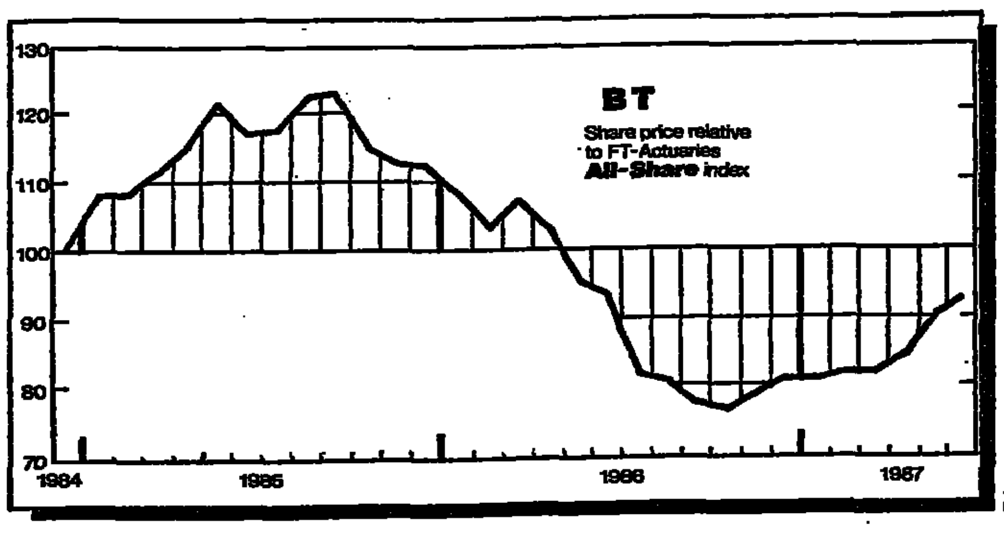
they have tended to be boring. Notable are the two giants reporting in the week, the recently privatised British Gas and British Telecom. Both had seen their share prices shoot ahead as it became increasingly obvious that the election would ensure them a safe future in the private sector. Both failed to produce anything this week to generate further enthusiasm in the market.

The figures from British Gas were well ahead of the prospectus forecast, but this had been fully discounted and the dividend was just as promised Scope for growth in the immediate future depends in good part on hard slog, in the form of a drive to cut back operating costs in real terms. And last year's special features, like the impact of the fall in oil costs and of the unusually cold winter, are *unlikely to recur. So the out*look, at least for the short term, seems rather subdued and the dividend yield of slightly more than 4 per cent compares a little unfavourably with the return on, say, British Petroleum.

For British Telecom, the brokers are projecting earnings growth of up to about an eighth in the next couple of years. Thereafter, everything depends on how fast the group can cut *its overheads,* and on how well it succeeds in holding off Mercury in the fight for lucrative activities like business traffic and fancy new services. Rationalisation costs are set to rise steeply as more people are made redundant, but these *should be cushioned by the pro*ceeds of property sales and, perhaps, by pension fund savings.

Like British Gas, British Telecom was supposed to have been a target for overseas buying after the election, so its rather weak showing in the past few days need be of no surprise —and of not much consequence to any investors whose time horizons stretch beyond the end of their noses.

So much for the factors which have been depressing share prices this week. There have also been some positive new developments. The most striking came on Tuesday, when NatWest unexpectedly announced that it was going to raise its provisions against doubtful third world debts by a hefty £466m in the first half of its financial year.



You might have thought that this would depress the share price. On the contrary. The fact that the bank was in a position to take this bold step —*and still be able to promise* an overall profit for the period as well as an unchanged dividend policy—was taken as a sign of real strength. In relative terms, after all, NatWest is being noticeably more conservative than those big US banks which have taken similar action in the past few weeks.

So NatWest's shares moved ahead sharply, and Lloyds Bank followed suit. Barclays' performance was less buoyant, and Midland—which has been slipping well behind the other clearers over the past month—looked decidely *uncertain. The* big question is whether it will feel able to take similar action, given that in the view of some analysts it is already due for a rights issue. These doubts are evident in the share price, with the dividend yield getting on for two thirds higher than that of NatWest.

Another big company which has been much in favour this week has been Reed International. By Thursday night, its shares had risen by about a sixth *following* the news that it is to sell its Crown paints and Polycell do-it-yourself business to Williams Holdings for a net £250m. This price far exceeds most City estimates ahead of the announcement, and gets the company out of an area in which it was facing in*creasingly fierce global com*petition from giant chemical concerns like ICI.

The deal will transform the shape of Williams' business and involves an enormous equity issue: the new shares issued to *finance the deal will represent* 42 per cent of its enlarged share capital. And Williams will face the same competitive pressures which persuaded Reed to get out of the business in the first place. But it has very loyal support in the City, to judge by the way its shares held up after the announcement.

Richard Lambert

Rental sector revives

AFTER YEARS in the doldrums, the property sector has burst into life this year with investment companies shedding their traditional discounts to net asset values and surveys showing that rental growth is at its *highest* rate, in real terms, for over a decade.

The giants of the property sector—the big investment companies like MEPC—are concentrated on the main market and the USM tends to attract the smaller development companies, some of which have been showing spectacular growth—Local London Group, for example, which joined the market at 135p last September, is currently standing at over *800p. It* has exploited its highly-rated paper to take over the fully-listed Standard Securities—a step which would have been impossible a year ago.

The one common characteristic of small development companies is that they rarely stand still—deals are their lifeblood. This week, Rivlin agreed to acquire its USM comrade Mayfair & City Properties in a £28m deal.

Not so many years ago, Rivlin was a textiles group but after its shares had passed through the hands of a number of investors, including David Wickins of British Car Auctions and Michael Ashcroft of Hawley Group, it attracted the attention of Martin Landau of City Merchant Developers, a private company formed after a management buy-out of Guinness Peat's property interests.

Since taking a 29 per cent stake in Rivlin last year, Landau joined the board and negotiated the purchases of Marlborough Property Holdings for £41m and now of Mayfair. The latter gives the group an infusion of prime West End sites and pushed its net assets per share from 34.7p to 72.5p.

Mayfair had had a quiet time since it was brought to the market three years ago by veteran property developer Sidney Corob, who is now selling his controlling stake to concentrate on his private interests.

The speed with which Rivlin has put together a sizeable group is reminiscent of Randsworth Trust, once humble Jayplant, a Huntingdonshire-based plant-hire contractor, which, after the arrival of new management, acquired two fully listed property companies, London & Provincial Shop Centres *(Holdings)* and Apex Properties within the space of a few weeks.

Because big deals can transform a company's prospects, the property sector attracts the kind of speculative fever which can cause dramatic share price rises. Shares in Gilbert House Investments soared from 16p to 116p in a few months after Nigel Wray, formerly the publisher of the Fleet Street Letter, took control.

Less than six months after *the group was valued at £5.5m,*

Junior Markets

it was able to take over fully listed Centrovincial Estates for £70m. This week the merged group anounced its annual figures, showing that Gilbert House made profits of £50,000 and Centrovincial £2.8m — prompting the question of who should have taken over whom.

It all sounds like an investor's paradise but anyone who can recall the mid-1970s will know how quickly property shares can fall when the prospects of a company turn out to be optimistic hot air. But for the moment, the bulls are rampant—even shares in Property Trust are on the march again.

The aforementioned trust has undergone several incarnations—including Carlton Real Estates and London and Manchester Securities—without much success. In the 15 *months* to March 1985, it made losses of £2.3m and followed that up with losses of £5.03m in the next financial year. Last year, various restructuring plans were mooted until finally a one-*for-one* £3.4m rights issue in November injected some much-needed capital.

By this time, the shares had fallen to the giddy depths of 2p and thus were able to attract all those penny share optimists in search of the next Polly Peck. The price has since quadrupled to 8p, although there has as yet been no signs of concrete activity.

Another shell company which has attracted speculative atten*tion is Towngrade Securities,* which has its own peculiar history. It joined the USM in 1982 after reversing into First Talisman Investments, which had been suspended from the main market since 1977.

For three years, the group was controlled by private company Towngrade Limited and chaired by Sir Edward du Cann. Then it was taken over by another private company, Millbank Developments, *in* a controversial deal which involved a lengthy argument with the Take-over Panel and an offer document which revealed that Millbank's last published results had been qualified.

The first year's results were not encouraging. Pre-tax profits fell to £33,000 and the company passed its dividend. But Arthur Oakes, the chairman, has been striving to put some deals together. It seems that news—good or bad—is due very shortly since the company's shares were suspended yesterday, pending an announcement, after a 7p rise to 50p the previous day.

Another company whose shares have dramatically outperformed the market is Brookmount, the Ulster property developer, but at least its progress appears more soundly-based. In December, the group announced interim pre-tax profits up 95 per cent to £508,000.

The company's most glamorous project is the development of the old Brooklands racing circuit at Weybridge but it also is involved in shopping centres in Belfast and a joint venture with Blue Circle in Luton to turn a 355-acre site into a leisure, sports and exhibition complex.

Investors will be able to judge how much substance there has been behind the last year's trebling of Brookmount's share price when the company announces its preliminary results on Tuesday.

Philip Coggan

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
FT Ordinary Index	1,758.3	− 9.6	1,801.7	1,320.2	Upset by absence of foreign demand
Abbey Life	266	−28	295	211	Nervous awaiting new "Life" figures
Asda Property	715	+97	780	340	Bid approach
Ass. Book Publishers	695	+130	710	236	Recommended offer from Int. Thomson
Beatson Clark	346	+23	348	200	AAF Investment increases stake
British Aerospace	*533*	*−41*	*689*	*510*	*Broker's downgraded profits forecast*
British Gas	180	−11	196½	106	Profit-taking following results
Countryside Prop.	£10⅝	+ 1$\frac{11}{16}$	£11$\frac{7}{16}$	478	Excellent results and scrip issue
Devenish (J. A.)	278	+21	298	202	Interim profits up 74 per cent
Glaxo	£16½	− ¾	£17⅝	£10½	Comment on possible threat to Zantac
Headlam Sims & Coggins	115	+40	150	44	Expansion prospects
Johnson Matthey	382	+28	383	216	Good preliminary figures
KwikSave	408	+61	431	242	Dairy Farm tender offer
Magnet & Southerns	340	−30	382	242	Proposed £71m rights issue
NatWest Bank	728	+38	758	536	Overseas debt provision confirmed
Oxford Instruments	359	−79	454	348	Annual results disappoint
Pilkington Bros.	953xd	+45	975	615	*Investment buying*
Raine Inds.	140	+18	149	73½	Acquisition news
Ransomes Sims	341	+60	341	215	F. H. Tomkins stakeholding
Reed Int.	576xd	+117	576	303	Sale of paint and DIY division

Racal optimism persists

NEXT WEEK'S list takes in a batch of big, improving companies. The *improvements* tend to be actual, in terms of stock market rating. They are sometimes prospective where earnings performance is concerned.

Take Racal Electronics, with final results due next Tuesday. Over the past six years Racal has been consistently over-optimistic and analysts have found themselves having to retreat from profits estimates on several occasions.

Targets were lowered again in 1986-87: from an initial £135m-£145m to around £120m last October; then, after disappointing interim results in January, to something between £97m and £110m.

Racal itself said in January that it was beginning another period of sustained *earnings* growth. This prompted the observation that earnings per share had gone nowhere since 1981.

Yet those growth forecasts persist — delayed, amplified or *extended. Analysts* are now going for up to £150m pre-tax for the current year ending in March 1988, and £188m for 1988-89. Cellular radio is expected to be a major driving force.

There seems to have been more apprehension with less reason about Cable & Wireless, whose shares *hit* a three year relative low in May on doubts over the group's prospects for opening up the Japanese market.

Brokers observe that at least 70 per cent, some say 80 per cent, of the group's attributable profits come from Hong Kong;

Results due

that there are prospects in the Middle East and North *America;* and that the UK, with Mercury the second domestic telephone provider, should not be ignored.

Next Wednesday's results, they say, could take profits up to £361m pre-tax at the high end of the range, against £295m in 1985-86.

The Argyll Group's share rating was in tatters at the end *of last year, when it was denied* the Distillers' acquisition; but it has charged up the charts again since it doubled its equity in the successful bid for Safeway's UK supermarkets in January.

Its final results for the year to March will be less important than the prospects for 1987-88; analysts are forecasting up to £170m pre-tax for that year against £83m for 1986-87 and £64.6m actual for 1985-86.

Trusthouse Forte is expected to take pre-tax profits up to a half-time £40m to £44m against £36m, down 10 per cent at this time last year, reflecting the alarming decline in US demand for UK hotels in the second half *of last year.*

The market will also be measuring the effect of the £190m acquisition of hotels and roadside restaurants from Hanson Trust.

Interim figures from the TSB *will be complicated by the treat*ment, analysis and projection of interest earnings on the proceeds of last September's £1.5bn offer for sale—*of* which the £78m second instalment is not payable until this September.

At the pre-tax level, allowing for interest on the part proceeds and the fact that TSB is accounting for a 23 week period, analysts are looking for £123m against a reported £96m for the first half of 1985-86.

However, it is what TSB will eventually get around to buying with its offer for sale money that is really exercising the market.

In this hiatus, TSB is perhaps well served by a shareholding structure which, with about 85 per cent of the shares with small shareholders and only 12 per cent with institutions, reverses the usual order of things.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Argyll Group	Thursday	2.6	5.1	3.1
Booth Industries	Wednesday	—	1.0	1.0
BPB Industries	Thursday	3.5	5.5	4.6
Brookmount	Tuesday	—	1.0	1.3
BTP	Thursday	1.5	3.0	2.0
Bulgin	Wednesday	—	0.1	—
Burndene Inv.	Thursday	1.4	1.2	3.5
Cable and Wireles	Wednesday	1.7	3.0	2.0
Chartered Consolidated	Wednesday	3.7	7.7	4.0
Chelsea Man	Wednesday	0.8	—	—
CH Industries	Thursday	0.5	1.9	0.6
Cropper James	Monday	—	3.4	—
Danae Inv. Trust	Tuesday	2.1	3.1	2.3
Drummond Group	Monday	1.0	2.0	1.2
Dwek Group	Tuesday	1.5	2.0	—
Electric and General Inv.	*Friday*	1.8	2.8	2.1
Estates and Agency	Monday	—	3.0	—
ERF Holdings	Wednesday	—	—	—
Greycoat Group	Thursday	0.9	1.2	1.2
Kowill Systems	Wednesday	—	1.2	—
Lathem James	Wednesday	8.0	9.2	6.0
Lergh Interests	Wednesday	1.3	2.4	1.4
Marshalls Halifax	Tuesday	3.5	1.5	3.7
Marston Thompson and Evershed	Friday	0.7	1.5	0.7
MK Electric	Wednesday	3.4	7.4	3.7
Racal Electronics	Tuesday	0.7	2.3	0.6
Rothmans Intnl.	Thursday	2.2	4.5	2.5
Schroder Money Funds	Monday	—	—	—
Stead and Simpson	Thursday	—	3.5	—
Volex Group	Monday	3.0	6.0	3.3
Whitecroft	Monday	2.6	6.9	3.0
Wyndham Group	Monday	0.8	1.0	0.8
INTERIM DIVIDENDS				
Anglia TV	*Wednesday*	—	9.0	
Bankers Inv. Trust	Thursday	0.3	—	
Bett Brothers	Thursday	1.2	2.0	
Burns Anderson	Monday	1.3	1.7	
Electronic Data Pro	Tuesday	—	0.4	
Hardanger Prop.	Tuesday	3.5	7.8	
Hardys and Hansons	Wednesday	5.6	13.1	
Macarthy	Thursday	3.5	4.0	
Raeburn Inv. Trust	Thursday	5.0	8.5	
Scantronic	Thursday	0.5	1.1	
Stainless Metalcraft	*Thursday*	*2.0*	*2.5*	
Trusthouse Forte	Thursday	1.3	4.7	
TSB	Thursday	—	1.1	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	monthly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	monthly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	monthly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	monthly	1	*50,000 minimum*	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bonds	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.69	6.80	5.13	3.73	half yearly	1	2,500 minimum	0
Schroder Wagg	5.93	6.09	4.59	3.34	monthly	1	2,500 minimum	0
Provincial Trust	6.77	6.98	5.26	3.83	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.34	6.22	4.82	3.65	half yearly	4	—	0
10pc Treasury 1990	8.86	6.22	4.46	2.99	half yearly	4	—	0
10.25pc Exchequer 1995	9.12	6.46	4.68	3.20	half yearly	4	—	0
3pc Transport 1978-88	6.52	5.69	5.14	4.68	half yearly	4	—	0
2.5pc Exchequer 1990	6.33	5.61	5.12	4.72	half yearly	4	—	0
Index-linked 1990¶	6.47	5.92	5.56	5.26	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Assoc Book Pubs	730*§	695	675	209.25	Intl Thomson
Avana Group¶	923§	865	480	322.31	RHM
Brit Car Auction¶	239§	240½	236	186.78	Hawley Group
Chkpoint Europe¶	426	430	270	17.04	Britannia Sec
Comb Eng Stores¶	428	428	393	336.00	Next
Comb Eng Stores	431	428	322	338.35	Ratners
Contibel	278*§	283	293	395.20	Tractebel SA
DBE Technology¶	37½§	43	43	3.51	Ferranti
Exiel¶	536	519	514	273.25	United Nwsppra
Garfunkels Rest¶	274	269	248	91.60	Belhaven
Garnar Booth	300*§	313	254	29.03	Hillsdown
Garnar Booth¶	330	313	243	31.93	Pittard
Gee/Rosen	62½	58	63††	4.37	Blacks Leisure
Hallite	349	342	250	9.60	Evered
Hillards¶	430§	431	223	212.25	Tesco
Horizon¶	218	216	164	108.77	Bass
Jcksns Brne End	445*§	675	428	9.50	Bugge Eind A/S
Jarvis (J.)	750*§	800	775	7.80	Brookville Secs
JWT Group	£31*	£32¼	£22½	315.00	WPP Hldgs
Kwik Save	450*‡	401	390	170.19	Dairy Farm
London & Nthn¶	111½	97	80½	124.04	Evered
London Pk Htls	945	965	700	47.40	Mount Charlotte
Marina Dev¶	125*§	449	132	9.32	Clintholme
Mayfair City Props	235	220	233††	28.20	Rivlin
Media Technlgy¶	173§	174	160	19.03	Lee International
Micro Scope¶	150*	147	106	16.00	GEC
Mitchell Cotts	76	71½	71	73.39	Suter
Molins	257½	279	245	75.48	Tozer Kmsly Milbn
Nationwide Leis	77½*	77½	77	8.30	Inspec E. & E. Grp
Norank Systems	308	328	247	11.46	Spong
Reabrook	295†§	265	234	19.87	Yule Catto
Riley Leisure	94§	90½	75	14.91	Midsumr Leisure
Rotunda	196*§	188	146	14.21	Scapa
Sarasota Tech	294	265	107	51.91	Peek Hldgs
Sims Catering	165*§	310	145	6.15	Mr K. Randell
Stockley¶	148	152½	124	351.91	Mountleigh
Stone Intnl	110	109	154½	38.08	FKI Electricals
Wordplex	143	141	130	14.58	Apricot Cmptrs
WSL Hldgs	238	238	203	50.46	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 19/6/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airsprung	Mar	1,770	(1,620)	18.6	(16.0)	5.9	(—)
Aitken Hume	Mar	7,200	(2,484)L	10.5	(—)	2.0	(—)
Alexon	Mar	6,900	(3,464)	22.9	(16.3)	6.6	(3.2)
Alphameric	Mar	3,618	(2,129)	16.2	(9.8)	2.5	(1.5)
Alpine Soft Drinks	Feb	477L	(63)	—	(0.5)	—	(—)
Anglo United	Mar††	4,500	(3,250)	3.3	(2.4)	1.4	(—)
Bassett Foods	Mar	3,710	(1,850)	21.0	(10.9)	7.2	(6.8)
BET	Mar	157,000	(125,000)	19.9	(17.1)	9.0	(8.0)
Bardon Hill	Mar	5,750	(4,670)	11.7	(8.8)	3.9	(3.1)
Bradford Prop	Apr	15,370	(11,850)	35.9	(25.8)	11.0	(9.0)
British Gas	Mar	1,060,000	(—)	14.0	(—)	4.0	(—)
Brown Shipley	Mar	3,956	(3,113)	25.9	(21.4)	10.0	(9.5)
BSS Group	Mar	8,160	(7,350)	—	(—)	9.2	(7.7)
BT	Mar	2,070,000	(1,850,000)	20.9	(17.1)	8.4	(7.5)
Cape Ind	Mar	5,550	(3,330)	9.5	(5.9)	3.5	(2.0)
Centrovincial	Mar	2,800	(1,010)	—	(—)	6.7	(6.0)
Chmbrlain Phipps	Mar	5,930	(5,140)	9.2	(6.9)	4.7	(4.0)
Chloride	Mar	17,000	(500)	3.4	(—)	—	(—)
Godfrey Davis	Mar	4,550	(4,490)	11.9	(11.6)	5.5	(4.5)
Dawson Intl	Mar	46,700	(41,563)	20.1	(18.5)	6.9	(6.2)
Dominion Intl	Mar	8,560	(11,040)	12.5	(16.3)	5.5	(5.5)
Emap	Apr	15,000	(10,200)	8.9	(6.0)	3.0	(2.2)
Erskine House	Mar	4,720	(2,780)	14.6	(9.5)	4.0	(3.2)
Equity & General	Dec	799	(405)	3.4	(1.7)	1.0	(0.9)
Fair Briar	Mar	4,590	(3,320)	16.9	(11.6)	4.8	(3.0)
Feedback	*Mar*	*507*	*(318)*	*3.6*	*(2.8)*	2.5	(1.2)
Freshbake	Apr	6,600	(1,040)L	8.8	(—)	2.3	(1.9)
Gee/Rosen	Mar	127	(377)	—	(—)	1.6	(1.6)
Gilbert House Inv	Mar	50	(88)	—	(—)	—	(—)
Gold Greenless	Apr	2,410	(1,470)	17.0	(10.2)	4.0	(1.0)
Harmony Leisure	Mar	260	(12)	1.3	(0.1)	0.1	(—)
Harrison Ind	Mar	2,910	(2,360)	16.5	(13.5)	5.7	(—)
Hdlm Sms & Cggns	Jan	11	(10)	0.3	(0.6)	0.5	(0.5)
Hndrsn Admin	Mar	*26,400*	*(12,140)*	*80.4*	*(49.6)*	*25.0*	*(12.5)*
Hicking Pentecost	Mar	153	(16)	—	(—)	—	(—)
Hse Prop Lond	Dec	147	(42)	10.5	(4.2)	9.0	(9.0)
Hunting Group	Dec	6,950	(5,060)	21.4	(13.2)	6.0	(6.0)
James Finlay	Dec	5,700	(8,290)	2.5	(5.5)	4.1	(—)
Jossn Matthey	Mar	50,500	(16,665)	20.3	(12.1)	5.5	(2.5)
LIG	Mar	27,100	(23,577)	14.1	(12.1)	5.4	(4.6)
London Inv Tst	Dec	6,020	(4,750)	4.0	(3.3)	1.5	(1.3)
Mayfair & City	Mar	771	(918)	6.2	(4.8)	1.1	(2.8)
Mgnt & Sthrns	Mar	18,790	(5,637)	15.8	(9.0)	6.0	(5.2)
Mansfld Brew	Apr	7,290	(6,970)	30.8	(27.9)	9.0	(8.2)
Meyer Intl	Mar	45,100	(32,100)	32.7	(22.6)	7.0	(5.8)
ML Holdings	Mar	3,320	(2,170)	35.5	(26.5)	9.0	(8.0)
Paul Michl Leis	Dec	261L	(54)L	—	(—)	—	(—)
Mountview Est	Mar	7,160	(5,440)	93.8	(65.3)	6.0	(5.0)
Northern Foods	Mar	75,200	(67,400)	22.7	(20.0)	9.0	(8.0)
Oxford Inst	Mar	19,650	(18,333)	27.4	(23.0)	2.4	(0.6)
Property Part	Mar	1,450	(1,130)	19.0	(14.8)	8.0	(6.0)
S & U Stores	Jan	1,240	(632)	6.2	(2.1)	2.5	(—)
Scapa	Mar	34,270	(30,920)	22.2	(20.2)	6.8	(6.0)
Christian Salvsn	Mar	41,980	(36,780)	9.7	(8.7)	3.6	(3.2)
600 Group	Mar	5,020	(6,100)	7.5	(7.9)	5.8	(5.8)
Somic	Mar	131	(99)	4.1	(3.5)	2.0	(2.0)
Sterling Pub	Mar	1,060	(939)	4.8	(4.5)	2.2	(2.0)
Stoddard	Mar	1,710	(369)	8.2	(9.6)	1.3	(—)
John Swan	Apr	177	(123)	17.7	(12.0)	9.5	(8.5)
Unilock	Mar	2,260	(1,740)	6.5	(5.7)	2.2	(2.0)
United Glass	Nov	12,190	(11,350)	—	(—)	—	(—)
Waddington J.	Apr	12,230	(6,410)	16.3	(10.2)	6.0	(5.2)
Wiggins Group	Mar	1,500	(60)	13.8	(9.2)	4.4	(0.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Berisford S. & W.	Mar	42,740	(40,176)	4.0	(3.5)
Blick	Mar	1,820	(1,380)	1.6	(1.4)
Carrell	Mar	5,080	(5,486)	2.8	(2.8)
Cifer	Apr	*226*	(5)	—	(—)
City Site Ests	Mar	342	(85)	—	(—)
Countryside Prop	Mar	4,160	(1,300)	0.6	(0.5)
Devenish J. A.	Mar	2,600	(1,490)	0.7	(0.5)
Fenner J. H.	Feb	3,000	(1,000)	2.5	(2.0)
FII-FYFFES	Apr	3,436	(1,690)	0.3	(0.3)
French, Thomas	Mar	808	(454)	1.1	(1.1)
Hawtin	Mar	99L	(632)	—	(—)
Hoskyns Group	*Apr*	*2,760*	*(1,849)*	*0.6*	(—)
Lond & Clydeside	Mar	119L	(325)	1.7	(1.7)
London Scottish	Apr	1,050	(954)	1.1	(0.9)
Lookers	Mar	1,640	(1,257)	2.6	(2.0)
Lovell, Y. J.	Mar	3,970	(3,096)	1.2	(0.8)
Minet Holdings†	Mar	4,500	(4,396)	—	(—)
Pericom	Mar	540	(977)	1.0	(—)
Robert Horne	Mar	6,240	(3,681)	2.0	(1.5)
Valen Pollen	*Mar*	*1,200*	*(840)*	—	(—)
Watson & Philip	May	927	(578)	2.0	(1.7)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † First quarter figures. †† Figures for the 17 months to March. L Loss.

RIGHTS ISSUES

Australia Investment Trust is to raise £15.8m through a two-for-one rights issue at 135p a share.

Blacks Leisure has announced a £6.1m six-for-25 rights issue at 13p a share.

Helene of London is to raise £2.93m in a three-for-11 rights issue.

Juliana's Holdings is to acquire Jongor for £3m to be satisfied by a rights issue of 4.62m shares at 65p each, one for every 4.107 ordinary and one for every £8.84m nominal of loan stock held on June 25 1987.

rights **Magnet & Southerns** plans to raise £71m through a rights issue of 73m convertible preference shares on a two-for-five basis.

Parambe propose to raise £1.63m net by a one-for-two rights issue at 75p a share.

St Medwen Properties is raising £9.8m through a share placing and a rights issue of 17.9m new shares at 57p on a two-for-11 basis.

York Trust Group *is raising* £5,092,722 through a rights issue of 6,103,080 ordinary shares. Shareholders will be offered one new share at 90p for every five held.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Amercoeur Energy is joining the Third Market in a placing of 4.25m *shares at 65p each to raise £2.46m.*

Britannia is offering 3.7m shares at 155p each bringing it to the market at a capitalisation of £17.58m.

Colorvision is to go public through a placing of 2.95m shares at 120p a share.

Elga is to join the main market through a placing of 4.6m shares at 95p each valuing it at £9.6m.

English China Clays is to raise £43m via the issue of 7.5m new shares.

Knobs & Knockers is joining the USM through a *placing* of 2.47m shares at 105p each.

Learmonth & Burchett is to join the USM through a placing of 1.67m shares at 175p each which will value its business at £21.3m.

Monks & Crane—3.9m placing for cash; 1.98m new shares will be issued at 151p.

Parkway Group is to join the USM with an issue of 30 per cent of its equity capitalising the group at £15m.

Primerica has joined the London stock market through an introduction *arranged by Kleinwort Benson.*

Ross Consumer Electronics is to go public through a placing of 883,730 shares at 165p each, valuing its business at £7.2m.

Stanco Exhibition Group is to go public on the USM through a placing of 6.4m shares at 20p each.

• MARKETS •

A summer surge

BRITAIN MAY be having more than its fair share of rain but there has been no question that summer has arrived in New York where the local inhabitants have been sweltering in the nineties this week and Wall Street has been enjoying a good old-fashioned summer rally.

A month ago the bears were talking the market down, the bond market was collapsing and the dollar was looking decidedly fragile. Since then there has been plenty of news which could have justified the bears' pessimistic view. The resignation of Paul Volcker, the Federal Reserve chairman, an inconclusive Venice economic summit, oil prices moving back above the $20 mark and the news that the top dozen US banks have lost a combined $10bn plus in the second quarter because of the need to write down effectively the value of their troubled third world loans.

In other times, any one of these items could have led to lower share prices on Wall Street. But for the moment the market is prepared to shrug them off and share prices have moved ahead for the fourth straight week. The pace has been more subdued this week, because of some nervousness ahead of yesterday's "triple witching" hour, the once-a-quarter occasion when stock index futures, index options and options on underlying stocks expire simultaneously.

It has often been accompanied by wild swings in share prices in the past and smaller investors have been retreating to the side lines. However, the Dow Jones Industrial average had crept ahead to a new peak of 2408.13 on Thursday evening—its ninth consecutive session without a down day—and the broader-based indices were also at new peaks. The general feeling is that prices will move ahead next week once the "witching" hour is past.

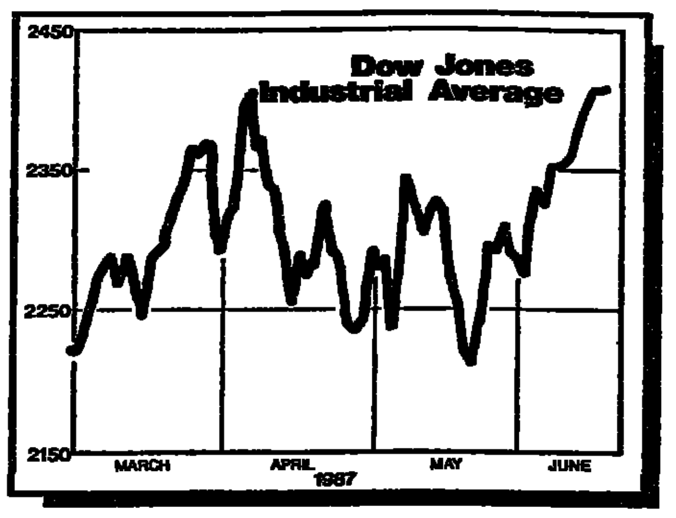
The stock market has been helped by the recovery in the bond market which, after its disastrous performance in April and early May, has staged a good rally. By yesterday morning the Treasury long bond was more than six full points above its level of four weeks ago and yields had fallen by over 50 basis points to under 8.5 per cent. This is still 100 basis points over levels reached earlier in the year, but the credit markets have been helped by the firmer trend in the dollar over the last few weeks.

Against this background, there has been a wide variety of stocks which have benefited from the early summer rally on Wall Street. Capital Cities/ABC, the communications giant, hit a new peak of $385, and Goodyear ($70), Walt Disney ($69⅞), Conrail ($35⅜), Wal-Mart ($66⅛) also made new highs this week. The stock of Ford Motor, which has already risen by two-thirds this year, rose by another $2¼ to $95⅞ and Chrysler, whose shares have also dramatically outperformed the market this year, topped $36. IBM rose by around $5 this week to $161½ but remains below its record high of $167⅛.

But one of the real stars on Wall Street this week has been AT & T, or old "Ma Bell." Having lagged the market advance for months the shares sprang to life after a report that its communications business had done better than expected in April. By yesterday morning the shares were up by $2¼ at $28¾ on the week, which is a big move for AT & T.

This week's performance confirms that there is still some life left in AT & T stock. However, the group's stalwart shareholders do not need reminding thta when AT & T was broken up in November 1983 its shares started trading at $19. Since then the Dow has nearly doubled and most of the regional telephone companies which were spun off have doubled in value. Nynex, which after adjusting for stock splits started life at $30¼ is now trading above $70 and Bell South, which began under $20, is now being quoted at $41.

Ironically, the big Wall Street brokerage firms have failed to participate in the Summer rally primarily because they appear to have lost a lot of money in the late spring collapse in the US bond market. First Boston and Salomon Brothers both confirmed this week that they had notched up some heavy losses on this side of their business and Wall Street believes that they are not the only ones to have spilled the red ink in the current quarter.



In the banking sector the steady stream of reserve additions has continued apace and Wall Street continued to welcome the moves. Manufacturers Hanover, one of the most exposed US banks, reported a $1.4bn second quarter loss but held its dividend. Its shares have risen by over $2 on the week to $46¾ but its yield of over 7 per cent continues to reflect investor concern about its big exposure to the troubled third world borrowers.

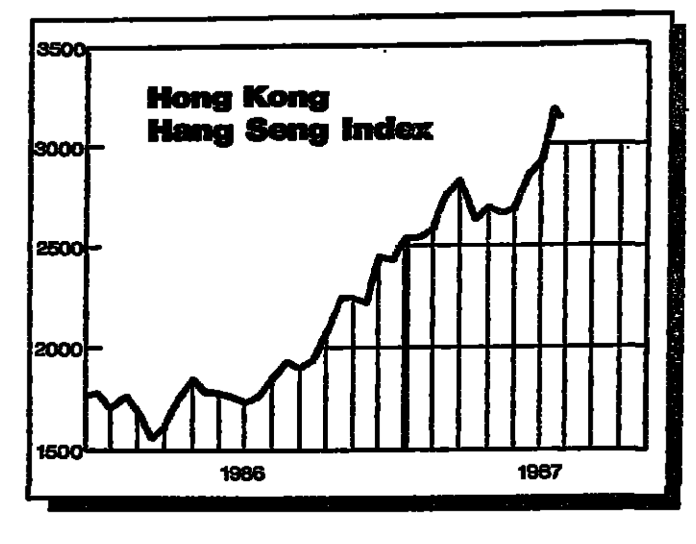
American Express, the US financial services giant, also decided to boost substantially the reserves of its international banking subsidiary this week and announced that it would report a loss of about $50m in the second quarter. It would have been worse but the group is crediting a $142m after tax gain on the sale of 18m shares in its Shearson Lehman Brothers brokerage subsidiary.

American Express is known to be concerned that the stock market is puting a low valuation on its shares which are trading around 12 times prospective 1987 earnings compared with a multiple of 20 for the overall market.

Monday	2391.54 + 13.81
Tuesday	2407.35 + 15.81
Wednesday	unchanged
Thursday	2408.13 + 0.78

William Hall

Hints of a rare vintage



"WE WOULD warn against under-estimating the potential for a liquidity-driven rally here over the traditionally dull summer months," said the invariably optimistic Carlton Poon, head of research at James Capel in Hong Kong, early this week. "We suspect that the summer of 1987 will be atypical—a rare vintage."

After a three-week rally that has added almost 8 per cent in value to Hong Kong's Hang Seng index, and a chorus from chartists that the market is technically overbought, such a claim might normally be dismissed as hype.

Yesterday, however, even the chartists appeared to be subdued, and week-old talk of an imminent correction remained once again unfulfilled. The Hang Seng index ended the week at 3165.6—just short of the record high reached on Wednesday, and almost 220 points above the level recorded at the beginning of the month.

Among those who share the optimism of Carlton Poon are staff at Gartmore, one of Hong Kong's most prominent fund managers, who predict the index will pass the 4,000 level before the end of this year

"What's happening is that global investment institutions are looking for value and are finding it here in Hong Kong," according to Tom Waring, an executive at Gartmore.

He says the local market is undergoing a fundamental rerating: "In the past, Hong Kong's corporate price-earnings ratios have ranged between 10 and 15, but they now seem to to be breaking out into a range from 15 to 23."

The director stimulants for the latest rally—which comes after a dull three-month period in which Hong Kong underperformed most stock markets worldwide—are easily seen. First was a major government land auction on May 29, at which the Hang Seng Bank bid more than 30 per cent higher than the most optimistic forecast price for a prime site in the central business district.

Second was the publication of new economic indicators that suggest Hong Kong will be one of the world's strongest-performing economies in 1987. Exports for the first four months of the year have leapt by 30 per cent in value terms from the same period a year ago. The government forecast of 6.2 per cent real GDP growth for the year is now regarded as obsolete and most analysts are predicting real growth of between 7 and 10 per cent.

Third is the stabilisation of the US dollar, to which the Hong Kong currency is linked. While the US unit was falling in value against major world currencies, many overseas institutions preferred to stay out of Hong Kong's stock market. Now they feel it has steadied, they believe there is no good reason to hold out any longer.

A further stimulant has been the sheer volume of international liquidity seeking an investment home.

Hong Kong has—with smaller markets in South-East Asia—been an inevitable alternative market. Since it is a comparatively small market, accounting for barely 1 per cent of world stock market capitalisation, such a substantial weight of money has had a potent effect.

Many have talked of Japanese institutions suddenly coming alive to possibilities in the Hong Kong market, but most analysts say there is more Japanese smoke than fire. The public flotation of Kumagai Gumi Hong Kong, a local construction group part-owned by the Japanese giant, caused a minor sensation

Hong Kong

by being 211 times oversubscribed.

There is no doubt that this was due largely to Japanese investor interest—but most regard it as an exception proving the rule that Japanese institutions still remain aloof from the equity market. Japanese funds are coming into Hong Kong, but mainly to buy properties.

A number of the depressants that held the local market back in the early months of the year also appear to be weighing less heavily on investors' minds. Controversy over regulatory issues—like the use of "back door" listings, the creation of two-tier share structures, the strengthening of corporate disclosure rules, and moves to curb insider trading—has subsided.

Similarly, gloom over events in China has lifted. Anguish over Peking's assault on "bourgeois liberalism" early in the year has lessened as the chances of a strong conservative backlash against economic reforms have declined.

"It might just be the bull mood but investors simply don't seem to care about bad news from China at present," said one broker.

David Dodwell

Opec's authority looks secure

THE OUTCOME of next week's semi-annual meeting of the Organisation of Petroleum Exporting Countries in Vienna seems already to have been decided by stock markets and oil traders.

They have shown hardly a flicker of nervousness that renewed squabbling among 13 members of the cartel will plunge the oil markets back into the turmoil depressed the price of crude below $10 this time last year.

For the first half of this year, Opec members have stuck fairly closely to the fixed prices of around $18 per barrel agreed at their meeting in Geneva in December; and although production by the United Arab Emirates and some others exceeded the quotas agreed then, the "cheating" has become more or less institutionalised.

So, although the "militant" states will no doubt continue to push for a higher fixed price of perhaps $20 to $22 per barrel, few doubt that an agreement will be reached aimed at stabilising prices at about present levels.

At first sight this might seem rather odd. If Opec can limit its output to match demand at $18, why does it not do the same at $20, or $25 for that matter? The events of last year showed that all these prices are so far removed from the balancing price which would be reached in a free market that it surely matters little which one is chosen.

However, share prices of leading UK independent oil companies have put on such a strong performance since the beginning of the year that there must be a strong presumption that the market now assumes Opec will deliver not just stability in oil prices but a substantial rise.

Shares in Britoil, for example, which is dependent on downstream operation, particularly in the North Sea, have gained 80 per cent since February, although the price of crude has changed little in the period. This is a substantially better performance than for the UK independent sector as a

Resources

whole, but even so its stock has risen on average by about 50 per cent since the beginning of the year.

The most interesting aspect of this rise is that it puts share prices for the UK independents well above their historic relationship with crude oil prices.

Calculations by the broker W. I. Carr show that Britoil's share price as a ratio of the sterling value of Brent crude is now almost 2¼ times its average for the period 1983 to 1985, when the ratio remained remarkably stable. Moreover, last autumn when crude prices were some 15 per cent below present levels, the ratio had dropped close to its historic level.

The picture for Enterprise Oil is broadly similar. For LASMO the ratio of share price to the sterling price of crude fluctuated within a 20 per cent range of its average for the four years up to this January. Since then the ratio has risen by more than 60 per cent above the base line.

Although the 9 per cent rise in sterling against the dollar this year and the general rise in the stock markets complicate the picture, there seems little doubt that the market is taking a pretty strong view of Opec's future success. Mobil's share price has risen more than 55 per cent this year, for example while Exxon is up more than 60 per cent. Since the reasons for optimism have been well rehearsed, it is worth pointing out some of the shorter term difficulties now facing Opec. In the first place, there are now signs that the firmness of crude prices is beginning to damp down demand for oil. After a 2 per cent rise in oil consumption last year there are recent signs that the growth rate is slowing to perhaps 1 per cent or less for the year.

Partly as a result of the slowing of demand, and partly because Opec has been producing about 1m barrels a day more than its agreed quota, the fall in oil stocks has not continued the momentum achieved in the first quarter of the year.

Consequently Opec may have to keep to a fairly tight quota of around 16.5m barrels a day just to maintain price discipline at present levels. With "cheating" this might result in output of rather above the present level of 17m b/d.

The chance of Opec being able to put a significant further squeeze on the market seems small, therefore. Even by the end of the year when the call on Opec oil could be up to 18m b/d, Iraq, which has refused to limit production, could be pumping an extra 500,000 b/d through its new pipelines, with a similar increment next year. Gradually, as world demand rises and non-Opec supply declines the pressure on the cartel will ease, but although Opec's line has help impressively this year, it may have a long road to travel before it can push prices above present levels, and plenty of time for accidents.

Max Wilkinson

Legal Notices

No. 002547 of 1987
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
AUTHORITY INVESTMENTS
PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 19th May 1987 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 29th day of June 1987.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 18th day of June 1987.
CLIFFORD CHANCE,
Blackfriars House,
19 New Bridge Street,
London EC4V 6BY.
Ref: RWC.
Solicitors of the above-named Company.

· FINANCE & THE FAMILY ·

After the election

Waiting for Japan

JAPANESE investors were supposed to be waiting for the election result before they piled into the UK equity market and put their awesome liquidity to work.

This week they were noticeable for their absence, and senior stockbroking firms say that they were not surprised when equities made a quiet start to the post-election account.

"When everyone is expecting something, it's not going to happen," says Ken Inglis of Phillips & Drew. He observes that a lot of Japanese investors were in the market, and buying, ahead of the election result. For the record, by last Friday, the FT-SE 100 Index at 2,289.5 was showing a gain of 7.7 per cent since the election was announced on May 8.

Mr Inglis says that he is more interested in the liquidity of the UK's domestic investing institutions. "It was very high at the end of 1986 and it's hard to see where it could have gone since then," he says. "Not gilts, not property, and not overseas, in the wake of the collapsing dollar."

He sees two supports for the market: continuing interest from abroad; and the aforesaid domestic investor. P & D's figures suggest that UK profits will rise by an average of 20 per cent this year, and 15 per cent in 1988 indicating a p/e on industrials declining from 14½ in 1987 to perhaps 12½ on 1988 profits.

Nomura Securities of Japan is the world's biggest securities house in terms of market capitalisation and a medium term bull of the UK market. It says it has been educating Japanese investors about UK companies over the past year, that their interest is increasing but that their entry into the market is likely to be a lengthy process.

In the short term, Nomura economist Neil McKinnon sees prospects for profit taking and a correction in the level of

Lord Bernard Donoughue

share prices. "Till then Japanese investors won't enter the UK market," he says. "We've looked into market patterns at the time of previous elections and there is ample precedent for our advice."

This advice comes in the context of comparative studies of stock markets and currencies worldwide. "The Japanese have an overwhelming preference for the US bond market," says Mr McKinnon, "and the recent recovery in the dollar has attracted them back in there."

When they come to the UK, he thinks it will be a steady flow rather than an avalanche, and mainly into blue chip companies. He accepts that domestic liquidity is strong in the UK, but notes that money market rates here are very attractive.

Lord Bernard Donoughue, head of research at Kleinwort Grieveson, also tends to accept the domestic liquidity argument. But he adds his own rider: "I'm sure UK institutions are reasonably liquid but I don't think that they are underweight in the UK equity market," he says.

He has, he says, three observations to make on the political scene: first that the Tories got a better election result than expected; secondly that it will be very difficult for the opposition to win the next election unless they change substantially in the meantime; and, thirdly, that foreigners could put in bigger chunks of money, for longer periods, as a result.

"Much of that may be in gilts, but equities could begin a new rise in the autumn which will leave the market 10 to 15 per cent higher by next Budget day," says Lord Donoghue. "If the Japanese come in, the domestic managers will ride with them and go overweight in the process."

John Mant of James Capel says that his firm is slightly more cautious than most about prospects. Capel think that the political prospects were virtually fully discounted bv polling day. By then the UK equitv market was showing a rise of 35 per cent since the beginning of 1987, says Mr Mant.

He says that Japanese investors have been in the UK market for some time; that many of them are London-based and sophisticated in their knowledge of UK equities. He also calculates that the FT All-Share Index now capitalises at about £420bn. "It takes a lot to shift that."

Mr Mant's prescription for London is a quieter period, a "summer lull," a sideways-to-downwards drift over the next few months probably leading to renewed strength later in the year during a good results season.

However, he saves a small sting for the tail. "Sure London's cheap on a crude p/e basis," he says. "So is New York, Germany and nearly every other market in the world."

William Cochrane

John Edwards looks at new unit trusts funds

Game of the names

WITH UNCERTAINTY about the result of the UK election finally removed, unit trust groups are leaping back into the fray with a spate of new funds.

Fidelity is the most forthright. It says that in response to the Conservative victory it is relaunching one of its existing UK trusts under a new name—Fidelity Famous Names Trust.

The change in name also seems to reflect a general trend within the unit trust industry to give more glamorous and identifiable names to funds — like Spirit of the East (from Henderson) and Kangaroo (from Thorntons).

Famous Names replaces the Fidelity Professional Growth Trust, introduced almost two years ago especially for members of the British Medical Association who wanted to avoid investment in tobacco companies, but to go, never the less, into blue chip UK stocks. It has not been a brilliant performer compared with other funds.

But Barry Bateman, managing director of Fidelity Investment Services, sees more overseas money being attracted into the UK market, primarily into blue chip companies. "The election result is good news for UK companies," he claims.

The new fund will maintain the policy of not buying tobacco stocks and concentrating the portfolio on leading UK companies, although the managers are authorised to invest 25 per cent overseas, presumably in famous names there, too.

To mark the relaunch Fidelity are offering a 1 per cent discount, until June 26.

Anticipating the result of the election, unit holders in the County Growth Investment Trust approved the fund being relaunched under a new name: Great British Companies Trust.

Again this gives a clearer indication of the fund's investment strategy. The change of name means the new fund will invest exclusively in UK companies, primarily blue chip shares. The old fund held, on average, some 15 per cent of its portfolio in overseas stocks.

Sun Alliance is now going ahead with two new unit trusts which, it admits, would probably not have been launched if there had been a Labour victory or hung Parliament; the funds are not directly affected by the British stock market but might have been difficult to sell in uncertain conditions.

They represent an innovation for Sun Alliance in that the new funds—Worldwide Technology and Worldwide Financial—will deal in specialist sectors. So far the group's trusts have been divided into geographical rather than specialist areas.

Financial and technology shares have been among the worst performers in recent years, and have gone right out of favour. However, Sun Alliance notes that, after years in the doldrums, both are due for a revival. Technology companies, for example, have been among the best performers in the US this year.

But there seems to be some uncertainty, from the investor's point of view. Sun Alliance seems to be trying for two different objectives at the same time—investing in specialist sectors and having international funds. It could be an unhappy mix for investors wanting to take a flyer in specialist stocks.

For the record, Sun Alliance is forecasting that the value of the dollar against sterling will increase slightly to 1.60 by the end of the year, and that the Deutschmark will go to 2.75 and the Yen to 2.25.

Both trusts will be launched on June 20 at a fixed offer price of 50p per unit. There will be a special launch discount, during that period, of 1 per cent for investments up to £5,000 and 1.5 per cent above. Minimum investment is £500.

Among the six existing Sun Alliance trusts, one of the more disappointing performers has been its European fund. This has been let down, like many other similar unit trusts, by the decline in the West German market; many managers had expected it to rise strongly this year.

This has not deterred Robert Fleming from adding a new European fund to its offshore stable. It is following the new trend for linking the name of the fund more closely with the investment strategy; it is called the Fleming European Fledgling Fund. In other words, it will concentrate on the growing number of smaller companies on secondary markets in Continental Europe.

It is not expected to invest in companies with a market capitalisation above the equivalent of $250m, and most holdings will be in companies a good deal smaller.

Investing in small companies can bring high rewards, but of course the risk is higher too. Minimum investment in the Jersey-based fund to be launched on June 30 is $2,500 and the launch price is $10.53.

Allied Dunbar is also expanding its range of international funds, based in the Isle of Man, with two new trusts—a Europe Fund, denominated in Deutschmarks, and a UK Capital Growth Fund in sterling. Both will be available at a fixed price from June 20 to July 17—25p for the UK fund, and DM 1 for the Europe fund.

● INDICATING the shape of things to come, the name of the Schroder Australian Fund has been changed to NM Australian Fund.

National Mutual, the Australian-based investment group, took over Schroder unit trusts last year and assumed management of the group's Australian fund in May. It is the first UK-based unit trust NM has ever managed.

A 1 per cent discount is chased before June 30. Minimum investment is £500.

The new managers intend to concentrate the fund's portfolio on stocks it hopes will benefit from the previous devaluation of the Australian dollar, such as mining and metals, and those which will benefit from commodity price strength, such as oils and gold.

● For those investors who believe the UK market is still relatively cheap by international standards, the Govett Great British Companies Fund was launched today.

The portfolio will consist primarily of some 50 stocks drawn from the FTSE 100 index, and it is hoped that the fund will outperform the index.

There is a 50p fixed price. During the three-week launch period until July 10 there is a 50p fixed price together with a 1 per cent discount. Minimum investment is £500, but there is also a £25 a month regular savings plan.

• FINANCE & THE FAMILY •

Home loans war

WAR HAS broken out again in the home loans market. The mighty Halifax surprised everybody this week by suddenly announcing it was cutting its mortgage rate —for new borrowers only — from 11.25 per cent to 10.8 with immediate effect.

Its great rival, the Abbey Natonal, responded by reducing its rate even further to 10.5 per cent.

The banks then joined in. The National Westminster followed to 10.5 per cent and so did the Yorkshire Bank. It *was the first to apply its new* rate to exsting as well as new borrowers, although the cuts will not start until July 1.

Yesterday, Lloyds Bank moved its rate down to 10.8. he reduction is effective immediately for new borrowers but will be extended to *existing borrowers from* August 1 if there is no major change in interest rates before then.

Not to be outdone, the Mortgage Corporation, which was already charging a competitive rate of 10.9 per cent, reduce it to 10.1 — again, for new borrowers only.

It is expected widely that *other lenders* will have to cut their rates—and include existing borrowers, too—as competitive pressure builds up. The Halifax said blandly that it hoped "general interest rate movements" would allow the lower mortgage to be extended to existing customers soon.

However, many lenders do not believe a mortgage rate cut is either necessary or justified at present, bearing in mind that no immediate further cut in base rate is anticipated.

Tim Melville Ross, chief executive of the Nationwide, was most forthright, saying he did not understand the rationale behind the reduction and was not planning to follow suit.

Building societies' net receipts dropped in May to £521m compared with £727m in April, and there have been persistent reports of mortgage queues *at some societies.*

John Edwards

Pathfinder prospectus due on Monday, says Richard Tomkins

BAA is nearly ready to roll

THE PRIVATISATION of BAA —or the British Airports Authority, as it was known until recently—has now gone back into full swing after a minor hiccup in the timetable caused by the general election.

On Monday the government will publish the pathfinder prospectus for the flotation of BAA on the stock market next month. The price tag on the company is likely to be in the region of £1.1bn to £1.2bn, putting the issue in the same league as the £1.36bn offer for sale of shares in Rolls-Royce last month.

The BAA flotation will be the third government issue in a row to be connected with the air transport industry, following soon after Rolls-Royce and British Airways. However, it will *differ* from *its predecessors* in an *important* way.

The Rolls-Royce and British Airways flotations were not aimed at widening share ownership because the government considered them unsuitable as first-time investments. The aerospace industry, after all, tends towards cyclicality, and aerospace stocks can prove volatile.

But the government has made it clear that the BAA issue will be aimed at extending share ownership. It has announced that the issue will feature a loyalty bonus of shatres for small investors who hang on to their shares for three years—a perk not seen *since the British Gas flotation* at the end of last year.

There are several reasons why BAA is perceived as less risky than Rolls-Royce or British Airways.

One is that as the operator of seven airports—including London's Heathrow and Gatwick, the first and third busiest *international airports in* the world—it has a highly diversified traffic base which leaves it relatively unexposed to downturns in traffic on particular routes. In marked contrast to the fluctuating performance of many major *airlines*, it has suffered only minor setbacks to steady profit growth over the 20 years since its formation.

Another is that only half its revenues come from aircraft handling. The other half comes from its commercial activities: the concessions it awards to operators of duty-free shops, restaurants, banks, car parks and the like.

Indeed, BAA turns in an annual loss on aircraft handling and *makes the whole of its* profits on these commercial activities. This has led to suggestions that it should be rated as a retailer. though its commercial profits are dependent on passenger throughput and are therefore inseperable from its traffic operations.

BAA's track record does indeed *suggest* that it is a less risky investment than some, but the horizon is not entirely cloudless.

Airport terminals only become profitable when they begin to approach full capacity: when that point is passed a new terminal often has to be built, and the airport's profits fall.

The point is illustrated by BAA's figures for the year to March 1987 which came out last Monday: one of the factors behind the paltry profits advance from £122m to £124m was the cost of opening Heathrow's Terminal Four. BAA expects to open a new terminal at Gatwick next spring.

Runways, too, can reach full capacity. *Heathrow's is near* that point, so more traffic is having to be diverted to Gatwick, and Gatwick traffic will have to be transferred to Stansted to make room for it. These moves could prove troublesome and unpopular, and could also lose transfer passengers who are unwilling to change airports as well as planes.

In addition, duty-free concessions are due to be abolished within Europe in 1992, though many take that timetable with a pinch of salt. The opening of the Channel tunnel the following year could well hit air traffic between Britain and western Europe.

And on landing charges, BAA will be constrained from increasing prices by pressure from vociferous airlines such as TWA and PanAm, and by a government-imposed formula restricting increases to one point below the retail price index.

All this should not detract from the fact that BAA is well placed to take advantage of the long-term growth in world-wide air travel. But ultimately, of course, it is the price attached to the offer which will determine its attractiveness—and that will not be revealed until next month.

Students wooed

MOST High Street banks have launched their campaigns to attract school leavers.

Usually these schemes are aimed at people with their first pay packets and undergraduates struggling on inadequate grants and family subsidies. Graduates are also included in this year's sales drive.

Many companies now require new employees to open bank accounts to receive the pay cheques, and it is compulsory *for some joining YTS schemes*, for example in the building industry.

Packages often include special offers, competitions with prizes, gifts ranging from folders and wallets to slide rules, and, of course, various *financial* inducements.

For example, the Royal Bank *of* Scotland's student package includes a competition with a first prize of a week for two on an Outward Bound course in the US (with a Greyhound Bus pass and £200 to spend) if the account is opened before November 30.

Some packages include free banking, even when overdrawn, and preferential interest rates (eg 1 per cent over base rate). Cashpoint and credit cards are part of the deal, and for some the account is opened with a cash credit (£12 from Royal *Bank of Scotland; £8* from Midland Bank; £10 from Lloyds Bank).

Lloyds offers a £1000 overdraft at an APR of 12.6 per cent (1 per cent per month), and Royal Bank of Scotland offers loans up to £1,500 for up to four years at base rate (APR 9.3 per cent).

While all these offers are no doubt very welcome there is still the possibility of overenthusiastic spending, with the cushioning of the loan packages so readily available.

Some banks, such as Barclays, have appointed "student business officers" in branches near colleges and universities. These young members of staff are specially trained to deal with students' *financial* problems — chasing late award cheques, helping with budgeting, and agreeing an *overdraft.*

Tony France

Greasing wheels

CAR OWNERS can forget those scaremongers worried about too much credit being given. Midland Bank has introduced a new loan scheme which bristles with incentives for buyers of new or second-hand cars to borrow as much as possible.

During the three-month *launch period for the scheme* Midland is offering a 1 per cent discount on the normal interest rate, reducing it to 9 per cent per annum (equivalent to an APR—Annualised Percentage Rate—of 17.7 per cent); a £35 insurance voucher and the chance to win three Ford Escort RS Turbos, plus other prizes, in a free competition.

In certain cases, loans of up to 100 per cent of the purchase *price of the car will be given.* There will also be a car loan certificate arrangement enabling borrowers to pre-arrange their finance before shopping around for the "best buy."

There are some restrictions. The minimum loan is £500, the *maximum* £10,000; the minimum lending period is six months and the maximum five years.

More importantly, you have to transfer your current account to the *Midland* if you want to take advantage of the Car Loan scheme.

J.E.

Hopes dashed

THOSE hoping that the *Chancellor's plan to impose* a higher rate of tax on single premium life assurance funds, as proposed in the Budget, would be dropped as a result of the election seem sure to be disappointed.

The proposal to increase from 30 to 35 per cent the rate of tax on gains made by the funds was one of the measures left out of the truncated Finance Bill so that it could be pushed through Parliament before the Election.

However, in a written parliamentary answer, the Chancellor said he would re-introduce as soon as possible all the provisions which had been left out. So far, in spite of lobbying by the life companies, there are no signs he has changed his mind.

Major changes are not likely as the Government wants to push the second Bill through Parliament before the summer recess as part of a drive to clear legislation *postponed by the* election as quickly as possible so that comprehensive new measures can be introduced.

However, the "radical tax reform" mentioned by the Chancellor are likely to wait until next year's Budget.

J. E.

• FINANCE & THE FAMILY •

Barry Riley on the shape of trusts to come

One-stop shopping

IN A converted dock in Boston harbour, from where American soldiers use to sail for the European war, hundreds of staff now huddle over computer screens, while the mail is delivered by a beeping and flashing robot.

They are just some of the 7,000-plus employees of a retail investment group which can routinely handle 200,000 calls a day from clients and whose computers smoothly process something like 3m transactions every night.

Does the huge success of the US Fidelity mutual fund group provide signposts to the future of the unit trust movement in the UK?

Boston-based Fidelity Management and Research currently manages some $80bn in a huge range of well over 100 funds. Although it is still only number two in the US mutual funds industry it confidently expects to overtake the present market leader, Merrill Lynch, by the end of the year. For a group which was only managin $2.5bn at one point in the mid-1970s that isn't bad going.

US Fidelity should be distinguished from the London-based Fidelity operation, which, although a sister company, is separately run — and, managing around £1bn, albeit fast-growing, is still fairly puny by comparison.

There are no direct financial connections between the two businesses, but there is a good deal of cross-fertilisation, and they share a common controlling shareholder and chairman in Edward C "Ned" Johnson III.

Originally Fidelity was a fairly conventional mutual fund business, using intermediaries to market its equity-oriented funds. These included the initial Fidelity Fund, and later its flagship Magellan Fund which has achieved a phenomenal growth performance and is now worth over $10bn on its own.

In the 1970s Ned Johnson took two crucial decisions which were to open the way to huge growth. First, he stopped paying the normal 8.5 per cent front-end load to brokers (the equivalent figure is 5 per cent in Britain) and relied on direct marketing.

Secondly, in a highly innovative move, he developed the concept of the liquid money market fund from which investors could get their money out as easily as they put it in. It was, in UK terms, something like combining a building society with a unit trust business.

Money market funds ballooned in the US in the late 1970s because of peculiar banking laws which meant that banks could not compete by raising interest rates on their deposits. But even although those rules were changed some years ago, money market funds continue to hold their own. In fact Fidelity's 26 different money market funds contain $27bn at present.

In marketing terms the money market funds had a crucial advantage for Fidelity: they meant that investors could liquidate their holdings of high-risk equity mutual funds without being lost as customers. Their accounts stayed on the computer, and they could be encouraged to switch back into equity funds when the market looked more enticing.

A whole range of graduated risk vehicles has subsequently been created by Fidelity, including various types of bond funds and literally dozens of specialised equity mutual funds.

Fidelity can therefore offer one-stop financial supermarket facilities to the American private investor, not only over the phone, but also at various "investor centres" such as on New York's Park Avenue.

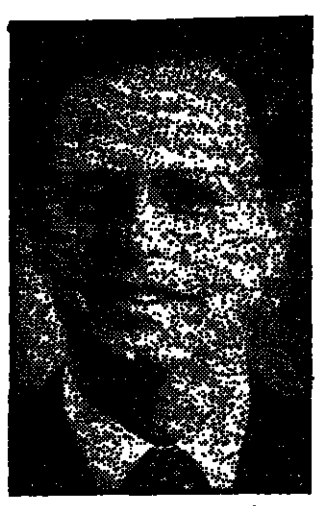
The group is now busily extending the concept outside the investment area into facilities such as credit cards, where it reckons it can offer a better deal to clients because its bad debt experience should be better than that of the average bank.

To achieve all this, however, Fidelity has had to make a huge investment in systems, and hire and train thousands of people — mostly youngsters more or less straight out of college.

The Fidelity Information Service has already processed 30m telephone calls this year. With centres in Salt Lake City and Dallas as well as Boston it is open 365 days a year, 24 hours a day.

On the peak day, April 14, the climax of the American tax paying season, the service's telephone representatives coped with 257,000 calls, not counting another 119,000 messages which were electronically routed straight into the computer system.

Will investment become like



Edward C. "Ned" Johnson III

this in Britain? Fidelity Investment Services, the British company, is certainly testing the water. Deep in the heart of Kent, in Tonbridge, it has set up its own information facility. It has 42 staff manning the telephones at present, a figure which should increase to 80 by Christmas.

At present, apparently, between 1,500 and 2,000 calls is a typical weekday's workload at Tonbridge, with a peak of 3,200. On Saturday and Sunday the number is more like 500. Although this traffic is inisignificant compared with the scale of activity on the other side of the Atlantic, at least it is a start.

But neither Fidelity or any other British investment group has anything like the range of products on offer that US Fidelity has created. Part of the trouble is that money funds bear stamp duty in the UK, and this makes them uncompetitive with bank or building society deposits, certainly when money is switched rapidly in and out.

Nor do British groups have the kind of charging and commission structure which makes portfolio management economical in the US. Fidelity funds are either "no-load" (that is, there is no front-end sales charge) or they only carry low loads such as 2 or 3 per cent. On switching, a credit is given for loads already paid.

The direct selling approach depends on a certain level of sophistication on the part of the investor. In the UK, the role of the salesman is vital in stimulating the interest of the potential investor and holding his hand when he fills in the forms and goes through the procedures.

In the US, by way of contrast, Fidelity's most sophisticated product is almost as complex as the stock market itself. It is called Fidelity Select Portfolios, a system of around 40 different sector funds which enables investors to switch—for only a $10 charge—between, for example, Biotechnology and Precious Metals or between Restaurants and Health Care. The funds are priced hourly.

It is even possible to go "short," that is to say to sell a sector fund in the hope of being able to buy it cheaper later on.

Fidelity has struck a rich seam which is taking it to the top of the US mutual fund industry. But its formula may not be easily translated. Even in the US its style is far from being typical; most mutual funds continue to be sold through intermediaries with an 8½ per cent load.

If a British group is to make the same impact as Fidelity of Boston it will need to have its own reserves of flair and innovation as well as to draw lessons from Fidelity's proven systems of marketing and electronic processing.

Long delay, says Short

HILL SAMUEL has warned investors in three of its biggest trusts—Income Trust, Dollar Trust and British Trust—that their dividend payments will be delayed by two to four weeks.

Michael Short newly appointed general manager of Hill Samuel Unit Trust Managers, says they are in an administrative tangle. During the year to March 31, the value of funds under management jumped from £643m to £947m, using more computer time and putting a heavy burden on staff dealing with the paperwork.

It is the trusts with the biggest number of unitholders which are most affected, since considerable clerical work was needed to calculate the dividends in line with total holdings on the register; these dividends then had to be audited by the trustee, Midland Bank, which also faced administrative problems.

A big backlog has built up, but urgent action is being taken to reduce it. Seven extra staff have already been recruited and consultants called in.

Mr Short is unable to say exactly how long the delay in paying dividends will be, but he hopes it may be just two weeks. Dividends due to be paid are being put on deposit account and the interest earned is being re-invested in the fund for the benefit of holders at a later date.

John Edwards

• FINANCE & THE FAMILY •

Home market is a winner, says **Christine Stopp**

UK beats the world

THERE HAS been an ever-expanding geographical range of markets over the last few years. But the investor who refused to be tempted by the glamour of overseas would have done very nicely by keeping capital invested in the UK.

Over the last few months in particular, as the table shows, the average UK General fund—not often billed as the most exciting investment—has done better than almost everything else in sight. And its record over longer periods, while not always topping the charts, has been very respectable.

The election result seems to indicate that confidence in the UK market is set to continue. Fund managers are suggesting that up to 70 per cent of the investor's total portfolio should be UK-invested. Some told tales of dealing rooms open throughout election night, and euphoric orders for the odd £½m of untis being phoned in from brokers at election parties round the country.

"One is trying hard not to get overtaken by euphoria," said Henderson's Chris Burrows who, like the other managers, quoted the removal of political uncertainty as a major positive factor for the future.

The wide margin by which the Tories won—perhaps the only unexpected aspect of the result—has ensured stability and, in the eyes of international investors, good market prospects for another five years.

"This makes the UK all the more attractive to the foreign investor," says Burrows. "We already have a high growth rate relative to other countries, with a currency which is also appreciation.

"Potential investors are countries like Japan with a considerable weight of money to go in to equities, and domestic markets which are currently very high. All of this looks incredibly rosy."

As long as foreign weight of money underpins the market, it is unlikely to fall far. Burrows agrees that ultimately "the power of Japanese buying could turn into the power of Japanese selling," but feels this is certainly not a worry at present. "There is a case for the continuation of the long-term bull market."

UK UNIT TRUSTS: SHORT- AND LONG-TERM PERFORMANCE

	3 mths	6 mths	9 mths	1 yr	3 yrs	5 yrs	10 yrs
UK General	12.0	35.1	35.2	32.3	132.5	259.2	659.6
FT All-Share Index	11.6	35.9	33.3	41.2	139.5	272.6	697.7
International	5.1	16.8	20.0	21.2	86.6	207.7	473.9
US	−5.1	4.2	3.4	−4.5	48.1	138.7	285.7
Japan	15.4	23.0	16.8	34.1	153.5	414.9	794.6
Europe	−3.2	−3.9	0.7	15.2	138.9	349.6	661.8

(Figures shown are sector averages. Three, six, nine month figures are offer to offer. Longer terms are offer-to-bid. All include reinvested income.)

Source: Money Management

For James Shillingford at M & G, the election result brought nothing that hadn't already been anticipated by the market. He was not alone in anticipating a drift over the summer, which might suggest that better buying opportunities will occur a little later on.

James Ferguson, manager of the top-performing Stewart Ivory British trust, put a little more emphasis on caution. He already has 10 per cent of his fund in gilts, and "may build up more cash as well." After the good run early this year, he feels there may be "a dullish few months to come," and he will be building up again once things are looking cheaper.

On balance, he would advise investors to buy in August rather than now.

Sun Life's Richard Hall echoed the solid mood of confidence in the future of the UK market. "In three months' time, the market has a good chance of being higher than now." He was not the only manager to raise the fear that, with UK fundamentals looking attractive by comparison with other countries, management groups could see a lot of investors switching out of overseas funds and back into the UK.

LAS investment director Gilmour Parvin expects income stocks to look less attractive by comparison to growth stocks over the next few months. This means that trusts which have a good growth element doing well and income trusts being left behind.

As well as a good market at home, he anticipates that the pound will continue to be strong not only against the dollar, but also against the Deutsche Mark and the yen giving investors an added disincentive to overseas investment.

All the managers were in agreement that interest rates in the UK are destined to come down. "The rule is that they always come down slower than you expect," says Gilmour Parvin, who thinks they could come off 1½ points by the year end.

Inflation, too, was widely expected to fall: "Could go down to the low 3s by 1988," says Parvin, though James Ferguson sees here a possible cause for concern: "One has to worry a bit about high wage increases concealed in some recent productivity deals. That's probably the reason for the Tories' high majority. Those who are in work are highly satisfied."

Post-poll dilemma

IF LABOUR had won the general election I would have known what to do with my investments: sell them all and emigrate.

The Conservative victory leaves me less certain about the right investment strategy. Most British shares are already at or near their all-time "highs" and the chances of them continuing to increase in price at the same rate as they have done over the past few years seems pretty remote.

I shall not, therefore, be investing in very large companies like ICI—although GEC might have some appeal if it announced major changes in its management and board or it decided to float off its consumer products divisions from the rest of its businesses and gave its shareholders shares in the newly floated companies.

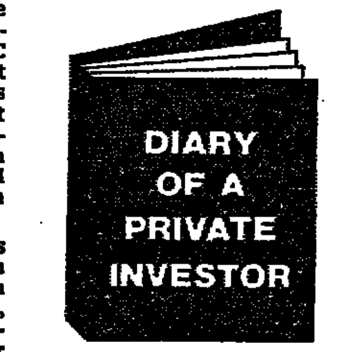
Takeover activity seems likely to continue, and I'm pleased that my investments in companies like M. K. Electric, Aaronson Bros, Newman Industries, Platignum and Premier Consolidated Oilfields were acquired before their recent price rises.

The problem here is: how far should a share price be chased up in the hope of a takeover bid? If the bid does not happen, how far will the shares fall? It is, therefore, best to look for possible takeover targets which already produced reasonable profits and have good assets.

Under a Conservative government the entrepreneurial spirit should thrive and so the most profitable activity will probably be found in discovering small, fully quoted "shell" companies before an entrepreneur decides to acquire a large share stake, inject further assets, and see the share price soar. This has already happened with some of my investments, such as NMC Investments, DSC Holdings and Times Veneer (renamed ERA Group).

But for every small company that becomes a shell, there are at least 10 that do not, so anyone planning to invest in such companies should only do it with spare cash and perhaps have a spread of such investments so that the few that soar more than subsidise those that do not.

For example, over the years I have acquired investments in companies like London Entertainments, First Charlotte Assets, Neil & Spencer Holdings, London Finance & Investment Group, Headlam, Sims & Coggins and Oceana Consolidated. Some of these have already doubled from my purchase price on shell hopes: but they are still all a gamble and none has yet raelly taken off.



Perhaps the best place for such shares is in a Personal Equity Plan. At least one can now look forward to the further extension of such plans. My own PEP has seen its £2,400 purchase cost of Joseph Webb and Usher-Walker shares increase to over £3,260; and my wife's similar investment in Brunning Group and Shiloh has also performed quite well.

I also look forward to further privatisation issues, especially next month's flotation of British Airports Authority. Future privatisations depend on the continuing success of earlier ones, and so I shall be retaining my British Telecom, British Gas and Rolls-Royce shares in the hope of further advances in their share price.

Some shares, however, are to be avoided. While the privatisation issues will help ITV companies' advertising revenues, the Conservative election manifesto contained the clear commitment to "ensure that at least 25 per cent" of the programmes broadcast on ITV "will be supplied by independent producers."

The Government also promised to "follow a policy of more competition, variety and innovation" in broadcasting. I am therefore glad that I had already reduced my shareholdings in ITV companies prior to the election.

It is amazing what a bid for one company can do for other companies in the same sector.

In September 1985 I bought shares in A. & C. Black for 290p each. The company publishes Who's Who and other reference and educational books, and I felt that Black's shares were under-rated. Nothing much happened to Black's share price until recently, when Associated Book Publishers received a number of bid approaches. Then, suddenly, A. & C Black became "noticed" as another possible take-over target and the shares rose to more than 470p.

In May I went to Black's annual general meeting and was rather surprised to find that only about 10 people attended and the meeting lasted about five minutes.

The company appears to be doing well and, although a fully quoted company, it has fewer than 200 shareholders. The chairman's statement in the annual report was also quite informative, and so I can understand why no one felt the need to ask any questions at the AGM.

What did impress me at the meeting was that the minute I and one other shareholder arrived we were "marked people" as I overheard the company secretary pointing us out at "first time attenders" to the company's executives.

After the meeting, the managing director, David Gadsby, personally welcomed me as a shareholder and asked if I was happy with the company's progress, while the chairman Charles Black did the same for the other "first time attender."

Such personal contact is one of the advantages of investing in companies with few shareholders, and makes one feel like a part of the company.

Kevin Goldstein-Jackson

Appointments

• FINANCE & THE FAMILY •

Clive Wolman on acquiring shares at low cost

A warrant to invest

IT IS possible to invest in a broad and actively managed portfolio of shares without having to pay any of the heavy entry fees and annual management charges imposed by unit trusts.

By purchasing investment trust warrants, you benefit from the costs incurred by others while investing in assets which are often substantially underpriced on any reasonable evaluation, in contrast to the shares of most listed companies whose prices are set in a competitive and efficient market.

A booklet published recently by the stockbrokers Alexanders Laing and Cruickshank (ALC) provides one of the first attempts to subject these instruments, whose number has been growing rapidly, to a detailed analysis and evaluation.

Investment trusts manage diversified portfolios of shares just as unit trusts do, but for substantially lower management charges.

But there is a further advantage: you buy units in a unit trust at a price which is closely linked to the value of the underlying assets, but you can buy investment trust shares at an average discount to the underlying net asset value per share of about 20 per cent.

Thus, you can buy £100 worth of shares for only £80. The enhanced dividend yield from such a strategy more than compensates for the annual management fees taken out of the dividends. The saving has, in effect, been paid for by those unfortunate investors who held the shares when they first fell to such large discounts, mainly in the mid-1970s.

However, the ALC booklet demonstrates that in most cases you get a better bargain through buying the warrants than the ordinary shares. These warrants give you the right to buy new shares issued by the investment trust company at a fixed price by some date in the future, usually four to nine years away. If the shares by then are trading at a price which is above the fixed "exercise" price, you will make an instant profit.

Warrants are thus traded on the stock market at a price which is supposed to reflect the chances of making such a profit. However, ALC calculates that the prices of most investment trust warrants evaluate these chances too cheaply.

To calculate the theoretically correct price for the warrants, the ALC analysts use a simplified discounted cash flow analysis. It assumes that the dividends on the ordinary shares, which you forego by purchasing the warrants, will rise by 10 per cent per year and that the discount rate to be applied to the dividend stream and to the final exercise price is 9 per cent (the yield on gilts).

In fact the formula will tend to give too low a price for the warrants. Firstly, it ought to assume a more favourable relationship between the discount rate and rise in dividends. More important, the formula does not take into account the attractions for investors in the way a warrant or option reflects the volatility of the ordinary share price (admittedly fairly low for investment trusts). When the share price rises, the warrant price shoots up much faster.

However, a holder of a warrant with several years to expiry is partly cushioned against sharp falls. This characteristic is an important factor in the more sophisticated models for valuing options and warrants, such as the Black and Scholes model.

The tendency to undervalue the warrants is only slightly offset by their probable diluting effects on the company's earnings. When exercising them, the warrantholder forces the company to issue new shares at a price below the value of the existing shares.

Investment Trusts

Even though the ALC analysts probably calculate figures that are too low for the theoretical prices of the warrants, the actual prices at which you can buy most of them are even lower. In 30 of the 44 investment trusts warrants whose "theoretical" value they calculate, the actual prices stand at a discount to the theoretical values of between 1.1 and 40 per cent. Thus, in all these cases, you can get a double bargain. The share price is cheap compared to the net asset value and the warrant price is cheap compared with the share price.

Before buying these warrants, however, the ALC analysts highlight several other factors that need to be taken into account. One is the skill and performance record of the investment managers. You may be justified in weeding out some of the management teams with poor records. A second factor is whether to invest in a specialist rather than general trust and, if so, in what particular region or industrial sector.

A third factor is the vulnerability of the trust to a takeover. This ought to be a welcome event for stakeholders, as bidders normally pay close to the full net asset value of the shares. However, on some occasions, the terms of the bid force the warrantholders to exercise their warrants immediately rather than waiting for the final exercise date and thus making the best use of the "time value" of the warrants. It all depends on the terms that are agreed by the managements and ordinary shareholders.

Despite requests by the Association of Investment Trust Companies, the Takeover Panel has decided against reintroducing provisions in the Takeover Code to ensure that the position of warrantholder is either protected or at least clarified in a takeover. The risk can be removed by investing only in warrants whose market price plus exercise price is not above the trust's net asset value.

Two other factors identified by ALC are the gearing of the warrants, which is a measure of their volatility compared with that of ordinary shares, and their marketability. For some of the smaller warrants, it might be difficult to buy more than about £2,500 worth without pushing up the price against you.

All these factors are given points by ALC and distilled into a single total which, it says, highlights the best buys.

Some of the warrants to which it awards the largest number of points have already shot up in value. For example, New Throgmorton warrants have risen from 66p to 96p in the past five weeks, Throgmorton Trust warrants have risen from 220p to 283p and Save and Prosper Return of Assets warrants from 115p to 142p.

However, some warrants remain particularly attractive, they say. There are as follows:

1 In Witan, a large international trust with a heavy UK weighting, managed by Henderson Administration. Last exercise date: August 1993. Price (on Wednesday) 82p.

2 In GBC Capital, a trust investing in the US and Canada. Last exercise date: September 1990. Price: 42p.

3 F & C Pacific, a trust managed by Foreign and Colonial investing in Japan, East Asia, Australia and the west coast of the US. Last exercise date: June 1994. Price: 58p.

4—In Consolidated Venture, 100 series, an international trust with a strong US bias, managed by MIM. Last exercise date: 1990. Price: 105p.

Cheap way into market

INVESTMENT TRUSTS are making a big play for the small, private investor. For a minimum of only £20 to £30 a month, or a single lump sum of £250, you can buy shares in a wide range of investment trusts, with no front-end entry charge and very low commission (down to 0.2 per cent in *some cases*).

With stockbrokers putting up their charges again, including the fixed minimum, small investors in particular can use the investment trust savings schemes as a cheap way of getting into the market.

The schemes provide three ways for investors to buy shares in the investment trust of their choice — regular monthly savings, using a standing order; occasional investment of lump sums; or the automatic reinvestment of dividends.

A typical example is the share investment service just introduced by Globe Investment Trust, the biggest in the UK with assets under management of more than £1.25bn.

You can buy shares in Globe for a minimum of £25 a month or a single lump of £250. Sums paid by investors are held by the Royal Bank of Scotland until the last business day of the month, when they are used to purchase shares.

By aggregating the purchases of shares in this way, the commission is kept down to 0.2 per cent—much lower than any individual investor can expect to be charged by a broker. Globe shares bought through the scheme and held for six months can be sold on the same basis.

There are no further charges apart from value-added tax on the commission, and stamp duty.

A full list of the investment trusts offering savings schemes can be obtained from the Association of Investment Trust Companies, Park House, 16 Finsbury Circus, London, EC2M 7JJ.

John Edwards

BRIDGE

TERENCE REESE and David Bird, authors of *Miracles of Card Play* and *Unholy Tricks*, have produced another book, *Doubled and Venerable* (Gollancz, £9.95), which deals with the bridge activities of the monks of St Titus. The hands are both instructive and amusing.

We look first at a no trump slam:

```
            N.
          ♠ A 9 3
          ♡ K 4
          ◇ J 9 4 3
          ♣ K Q 5 2
  W.                  E.
♠ Q J 8 7 4        ♠ 10 5 2
♡ 9 6 5 3          ♡ 10 8 7 2
◇ —                ◇ A 10 8 7
♣ 10 9 4 3         ♣ 7 6
            S.
          ♠ K 6
          ♡ A Q J
          ◇ K Q 6 5 2
          ♣ A J 8
```

Brother Lucius, reputedly the best player in the monastery, dealt at South with North-South vulnerable, and bid two no trumps. North, with 13 points, had no hesitation in raising to six no trumps.

West led the 10 of clubs. South won with the knave and cashed three more clubs on which East threw the two and five of spades, and returned dummy's three of diamonds. East, of course, ducked; the king won, and West discarded the four of spades. The declarer now cashed the king and ace of spades, forcing East to throw a heart, and followed with king, queen, and ace of hearts.

At the 11th trick the declarer leads a low diamond to the knave on the table, and East is in trouble, faced with a Morton's Fork dilemma. If he does not win, another diamond from the table will set up the declarer's queen; if he does *win, he has to lead away from* his 10, eight of diamonds into the split tenace.

Notice the avoidance play at trick five, in case East holds all four diamonds, the careful elimination of the two major suits, and the final throw-in.

Now for another small slam, this time in a suit contract:

```
            N
          ♠ —
          ♡ K 7 5 3
          ◇ A K Q 8
          ♣ A J 7 6 5
  W                   E
♠ 10 4 3           ♠ Q J 8 5
♡ 6                ♡ J 9 8 2
◇ J 10 9 6 3       ◇ 7 4 2
♣ K 10 9 2         ♣ Q 4
            S
          ♠ A K 9 7 6 2
          ♡ A Q 10 4
          ◇ 5
          ♣ 8 3
```

With both sides vulnerable, the Abbot dealt at South and opened the bidding with one spade; North replied with two clubs, and South rebid two hearts. North now said three diamonds, which was unconditionally forcing, South said three spades, and North's jump to six hearts brought the auction to a close.

West led the knave of diamonds, taken by dummy's ace, and the declarer returned the three of hearts to his queen. He cashed ace, king of spades, throwing two clubs from the table, ruffed a spade with the five of hearts, and led the seven of hearts to his ace. West showed out, discarding a diamond.

Crossing to the ace of clubs, the declarer cashed king and queen of diamonds, discarding a spade and a club from hand, and ruffed a club with the four of hearts. He had taken the first 10 tricks, now he ruffed a spade with the king of hearts, and led a club from the table. East, holding knave and eight of hearts, was helpless. He could not prevent the declarer's 10 from scoring. "A *coup en passant*, if I am not mistaken," said the Abbot in triumph.

E. P. C. Cotter

• FINANCE & THE FAMILY •

Lawyer's high bill

My solicitor of many years standing has suddenly had to retire through ill-health. This has left me without a legal advisor. Since a building dispute has recently arisen, I used the firm that has taken over my old solicitor's practice, but I have been so dissatisfied that when a parallel but quite separate aspect developed, I took this matter to another firm, whom I found much more impressive.

I am now in receipt of the bills from both firms. The partner concerned accompanied it with his apologies for what he obviously considered was a large sum, and also with a lengthy letter setting out in detail all the reasons for his advice.

The bill from the first firm was twice as large as the second, and contained no such apologies or explanation. I therefore feel that the account is exorbitant.

What redress is open to me?

You are entitled to require a bill of costs to be taxed (ie reviewed by an officer of the court). If the bill is reduced by one-fifth or more the costs of the taxation must be paid by the solicitor: otherwise you must pay them. Your best course of action is to write to the first solicitors stating that the bill seems to be too high and requiring them to reduce it, mentioning that it seems undesirable to go to taxation if the matter can be resolved by agreement.

Self-employed house rates

Some five years ago I set myself up as a self employed consultant and in accordance with my accountant's recommendations

I have claimed in my tax return a percentage of my household expenditure—rates, electricity, water, etc. This has been accepted by the Inland Revenue.

For the first time however this year's annual rate bill shows my house as a mixed hereditament with rate relief of £79.37 on a gross bill of £825.83.

Does this have any implications should I wish to sell the house or should my wife and I decide to transfer say 40 per cent of the house into a trust for our young son?

Whether your house is mixed hereditament is a question of fact. If you think that the rating classification may be wrong, you should consult a local solicitor or estate agent skilled in rating law, if your accountant is unable to help in this respect.

What matters for capital gains tax purposes by virtue of section 103(1) of the CGT Act 1979 is whether, on the day of the sale contract (or part disposal), part of the house "is used exclusively for the purpose of a trade or business, or of a profession or vocation."

Tenant's wife to occupy flat

I bought a house in London with a tenant in one of the flats. He and his wife had signed the customary agreement in 1975 but his wife had left him before I bought the house. By virtue of the Rent Act 1977 they became protected tenants. A couple of years ago I applied for a fair rent and the new rent is registered in his name only. He now wishes to get married and bring his wife to live in the flat. Am I compelled to accept his new wife as a tenant?

You have to accept the new wife as a person who is entitled to occupy the flat as a member of the tenant's family. You should not however, give her a contractual tenancy but should leave her to her statutory right only, which is to occupy the flat with her husband, and to succeed to her husband's statutory tenancy if he were to die while she is living there with him.

Reduce your capital gains

As part of my employment, I occupy a tied house from which on my retirement I have to quit. Over the years I have acquired three very small flats which have been refurbished and, although originally intended for investment purposes, have only been occupied for short periods to generate sufficient income to pay for the outgoings. None of the properties is suitable for my retirement purposes, nor would I wish to live in them.

The properties have enhanced in value since I bought them but even now in total the realised proceeds, were I to sell, would only be sufficient to purchase a modest house for my occupation.

If I do sell the three properties for the purpose of buying a property for my own occupation, shall I be chargeable to capital gains although I have never been in the position of being an owner/occupier?

On the bare facts outlined, you will be eligible for any relief from CGT on the sale of the flats. Can you not bring yourself to live in at least one of them for a short time? As your solicitor will explain, this could reduce the prospective CGT bill by more than the cost of moving in (and out again)—but, of course, you have not given us much precise data to go on.

Finances slow in returning

I have been unable, despite making many complaints, to obtain payment or to receive a contract note after selling a security.

Also a share certificate has not been received, following a deal over six months ago. The licensed dealer was informed of this nearly a month ago.

What action should I now take to protect my interests

You can take legal proceedings against the licensed dealer, or you may prefer first to refer the matter to FIMBRA (Financial Intermediaries and Brokers' Regulatory Association).

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Builder's bid tax problem

My main and only residence is in the centre of a plot measuring 1.7 acres including access road. I have been approached by a developer who wishes to buy the house and land and build an additional two houses, assuming that planning permission is granted.

What is the position regarding capital gains tax, and if there is a liability what is the best way of minimising it?

The solicitor who acts for you in the sale will be able to guide you through the CGT maze and, if need be, to represent you before the General Commissioners on the question of whether the whole of the land "is required for the reasonable enjoyment" of your house "as a residence," "regard being had to the size and character of the dwellinghouse." The words in quotation marks are from section 101(3) of the Capital Gains Tax Act 1979. Ask your tax inspector for the free explanatory pamphlet CGT4.

Suing for a lost will

My experience over the past 16 months, in respect of my uncle's will, who appointed a bank as trustee and executor, is that the bank parted with the will to a third party, who lodged it with his solicitor, and the solicitor has since lost the document.

The problem of proving the lost will on submission of an unsigned copy is beyond belief. It is my contention that the bank should not have parted with the will, and my question is "do I as the main beneficiary, sue the bank for negligence"?

Unless the bank can show a valid reason for having parted with the original will, you may well be able to establish a claim in negligence against the bank even though you were not the bank's customer. The case of Ross v Caunters shows that a disappointed beneficiary may have a cause of action against a solicitor who was negligent in drafting a will; and the same principles should operate to enable an actual beneficiary to sue where the loss of the will itself has caused him damage.

Maintenance worry

Several years ago I was divorced in England and ordered to pay maintenance to my former wife and child.

Soon afterwards I emigrated to South Africa from where I continued to pay full maintenance for the child but only a small part of the maintenance to my former wife, because my earnings are insufficient to pay it all. I have tried to get my former wife's maintenance legally reduced, without success.

Soon I shall reach retirement age and be entitled to the basic British Retirement Pension and a small supplement to it. I fear that my ex-wife might take legal steps to claim these at source to reduce her maintenance arrears. Is there anything I can do to prevent this, and is there any other procedure I can use to get the maintenance legally reduced?

You cannot prevent an attachment of source of income in the UK, but you can apply to the Court, through your solicitors, for a reduction in the amount ordered to be paid once there is a substantial reduction in your income (from all sources). This need not require the agreement of your former wife.

CHESS

IF FIVE-MINUTE games and 10-second moves are sprint chess, quickplays the 400 metres, and international tournaments the 5,000 metres, then world postal competitions are the marathon. It takes a special kind of durability to succeed in such events, which may well take a sizeable chunk out of a lifetime.

A new Batsford book, *The Games of the World Correspondence Chess Championships, I-X*, edited by T. D. Harding (1,000 games, 246 pages, £19.95), gives an idea of the task that awaits a potential world champion by post. In the latest completed championship—the 10th—players qualified through Continental events which began in 1973-74 and ended in 1978. The final, of 16 players, began late in 1978 and the crosstable was published in December 1984 when Viktor Palciauskas of the US was confirmed as champion.

The contestants had to face long postal delays, particularly to the USSR and eastern Europe, plus the ever-present hazard of a notational error leading to a blunder or illegal move. There were opening novelties as late as move 19, disputed claims for wins on time, and an 80-mover costing a small fortune in stamps.

Remarkably, nobody dropped out and there were no disastrous clerical errors. Palciauskas accepted boldly the favourite Evans Gambit by former champion Estrin and won in 31 moves. Britain's leading postal expert, bank manager Keith Richardson, won the bronze medal.

Although the Russians are prominent in correspondence chess, they have never dominated to the same extent as in over-the-board play. Four of the world champions have been from the USSR but the US has had two winners, with one each from Australia, Belgium, Denmark and East Germany. There are also chess postal olympics and in the present final, nearing completion, Britain looks poised to beat the Russians and win.

One satisfying advantage of postal play is that openings can be precise and exact. With reference books at your elbow, there is no danger of forgetting a prepared variation. Harding's well-written and finely-produced book also contains its fair share of brilliancies, as in this win from the latest championship.

White: R. Kauranen (Finland)
Black: J. Estrin (USSR)
Sicilian Defence (World postal championship 1978-84)

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-Q3; 6 P-KN4, P-QR3 (P-KR3 slows down White's attack); 7 P-N5, KN-Q2; 8 P-KR4, P-N4; 9 P-R3, N-N3, 10 B-K3, QN-Q2; 11 P-R5, B-N2; 12 R-R3, N-K4; 13 P-N6, N(3)-B5?

Now Black's king becomes too exposed. Best is RPxP; 14 PxP, RxR; 15 PxP ch, NxP; 16 BxR, Q-R5; 17 Q-N4, QxQ with only a small white advantage.

14 BxN, NxB; 15 PxP ch, KxP; 16 Q-N4, Q-K2?

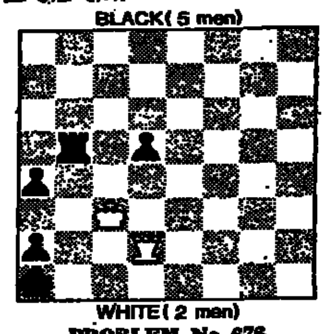
Losing more time, and this proves fatal; he should play Q-Q2 at once.

17 B-N5, Q-Q2; 18 N-Q5!

Exploiting the pin on the black queen, with an obvious fork at QN6 and a concealed one at QB7: 18 ... B-B1; 19 R-B3 ch, K-K1; 20 QxP ch, QxQ; 21 N-B7 ch.

18...R-R2; 19 R-B3 ch, K-K1 (if K-N1; 20 N-B6 ch!); 20 N-B7 ch! Resigns. For if QxN; 21 RxB ch! wins the queen (KxR; 22 NxP ch) or mates (RxR; 22 QxP ch).

BLACK (5 men)



WHITE (2 men)

PROBLEM No 676

White mates in four moves at latest against any defence (by Dr W. Speckmann, USSR 1985). The battle lines are clear: White has to mate on the rank or diagonal, while Black's rook and rook pawns try to barricade the QN file.

Solution Page XIX

Leonard Barden

Gardening

Blossom as the rose

DURING THE next two months roses have a lot to do. They must develop their flowers—usually an immense crop on modern varieties. At the same time they must make enough new growth to provide a lot more bloom this year—if they are repeat flowering varieties—or to form the basis of next year's flowering growth if they are one-season roses. Unlike many other shrubs which make most of their growth in May and June, roses continue to grow from April until October.

In terms of energy taken from the soil, the air and the sun this is at least as much as would be required by a heavy crop of potatoes. Rose experts know this, and cultivate their plants just as diligently as a good vegetable grower would cultivate his crops. Unfortunately most gardeners do not realise this; they think that roses ought to perform perfectly if they are just kept free of weeds and left to get on with it.

It is not as simple as that. The first essential is to ensure that there is plenty of readily available food in the soil. Everyone knows that roses like manure, but good natural manure is hard to come by. Even when it is available, the plant food it contains is not in a form that plants can use. It must be broken down by decay, and that takes time. Manure is for soil-building rather than for quick plant feeding, and so it is more useful in winter and early spring than in summer.

Now, fertilisers are needed to keep growth going strongly; not single chemicals which can unbalance things, but a level mixture of nitrogen, phosphorus and potash, with the probable addition of magnesium, manganese and iron.

Compound fertilisers containing all these things are available, but it may be simpler and cheaper to rely on old-fashioned Growmore, a safe, reliable and readily available mix of these three major requirements. If lack of good deep colour in the rose leaves suggests that there are any further mineral deficiencies, rectify these by making use of the small packets of chelated trace elements which most garden centres stock. Only very small quantities are required; it is easiest to avoid overdosing by dissolving the powder in water and either watering it on the soil or spraying it on the foliage.

Because the fertilisers I have been describing are either instantly or quite rapidly available, it is essential not to apply too much at a time. With Growmore, 2oz per square yard is about right at this time of year. Some compound fertilisers are much more concentrated, and half that amount would be enough. The label will tell you. What it may not explain is that the plants will probably need more in five or six weeks' time when they have used up this lot. Little and often has always been the safe rule with summer feeding.

It is no use piling in food if the rose bushes lack healthy leaves to make use of it. In fact, "food" can be a somewhat misleading term with plants which live mainly on air and water, from which they manufacture their own food with energy obtained from sunlight. For this synthesis they need very small quantities of chemicals from the soil, but to equate these with food in our terms is not particularly helpful. Failure to understand this creates most of the misunderstandings about the use of fertilisers in gardens.

Without the green leaf the plant cannot feed. It does not matter if the green is obscured with red or purple pigment, but if it is replaced by yellow or white the leaf is useless. That is why variegated or golden-leaved plants are never as vigorous as their green-leaved counterparts.

Applying this to roses: if any bushes have yellow leaves this may be caused by a shortage of iron or magnesium, but poor colour is just as likely to be caused by aphids, capsid bugs or red spider mites sucking out the sap. The aphids—green, grey or black—are easy to see, clustering mainly on the most succulent shoots.

Capsid bugs are rarely visible (they are too agile for that) but the cockled, discoloured leaves they produce are very distinctive. You might need a lens to see red spider mites unless your eyesight is very good, but they are to be seen mainly on the undersides of the leaves and, especially, along the veins. They are tiny; brown or greenish rather than red. They can multiply prodigiously in hot weather, and can suck up so much sap that the leaves become grey and almost useless. Side by side with these tiny creatures are fungi—equally intent on feeding on the rose leaves and stems. Mildew, black spot and rust are the worst; all can destroy the foliage in a few weeks.

There are remedies for all these ills—very good ones today—but no one chemical will kill the lot. In general, what kills little creatures does not kill fungi, and vice-versa. Experts are content to have a shelf of insecticides and fungicides and use them according to knowledge or fancy.

Ordinary gardeners will probably prefer to use one of the cocktails, which contain enough different chemicals to kill almost anything, without stopping to find out precisely what it is. ICI market a good one called Roseclear. Murphys have two: Tumblebug for insects and Tumbleblite for fungi, which can be mixed in the same sprayer. It takes all the effort out of pest control.

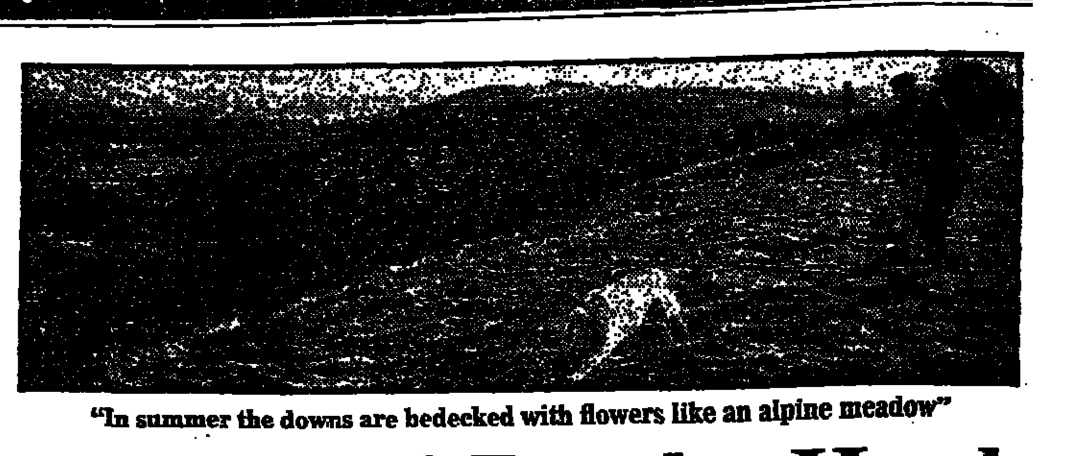
Another point to consider is pruning. This is not, as many people suppose, simply a matter for winter or earliest spring. Repeat-flowering roses need also to be pruned after their first flowering, and the once-flowering ramblers need to have their old flowering stems cut out when the flowers fade to concentrate strength on the new growth that will flower next year.

Similarly for summer pruning of the ramblers, but with repeat-flowering roses you have a little more choice. The faded flowers should be cut off—but with how much growth? It is a matter of judgment, but most gardeners err on the side of taking too little. You need to cut back below the thin top shoot, into the sturdier growth, maybe half way down the stem, from which one can expect to get equally sturdy new growth.

The sooner this is done, the better, once the flowers fade. It is not a once-only job. Rather it is a continuing process throughout July and August.

Arthur Hellyer

Richard Gilbert takes the cliff-top path along a fine stretch of the South Downs Way



"In summer the downs are bedecked with flowers like an alpine meadow"

By way of Beachy Head

I HAVE always found that there is no better way to lift my spirits than to escape briefly from the drab urban environment, exercise my legs and receive an injection of fresh air. I recommend this tonic to all.

Such a day is easily accomplished in our small island where we are never far from hills, moorland or coastline. Thus in a little over an hour from central London you can be at Eastbourne, tasting the tangy sea air and lacing your boots in readiness to tackle a seven mile coastal section of the South Downs Way to Cuckmere Haven.

For those who require a full course of treatment the walk may be extended to a 20 mile circuit. This includes not only the finest stretch of coastal scenery in South East England, but some high open downland offering a wealth of historic interest dating back to Neolithic times. The entire area of the walk has justly been designated one of Outstanding Natural Beauty.

Start from the top of Duke's Drive at the westernmost extremity of Eastbourne, and follow the cliff-top path towards Beachy Head. Immediately you are in another world. The traffic fades away behind you, the chalk cliffs gleam brilliantly white in the sunshine and, walking on the springy turf, you hardly notice the switchback course of the path.

In summer the downs are bedecked with flowers like an alpine meadow. In mid-August I found centaury, thyme, viper's bugloss, yellow rattle, rest-harrow, eyebright, scabious knapweed and betony, to name just a few. Earlier in the year several varieties of orchid can be found.

The steeper slopes of the downs were vivid yellow with ragwort, growing to profusion among clumps of gorse and brambles. I gorged myself on ripe blackberries. Unusually, in these days of pesticides, butterflies were common, particularly the chalkhill blue and the small skipper.

At Beachy Head the cliffs plunge vertically for 520 ft completely dwarfing the lighthouse, a mere 142 ft, which is built on a plinth a short way out from the shore. Layers of flint can be seen protruding from the chalk, and holes and ledges provide homes for rock pipits and jackdaws. A museum of natural history is sited near the cliff-top.

Buy an information leaflet and you will be amazed at the diversity of historic sites that abound in the Beachy Head area: Iron Age enclosures, Neolithic and Bronze Age tumuli, Roman and Medieval settlements and trackways.

Passing the stump of the old Belle Tout lighthouse, built in 1831, you descend to sea-level at Birling Gap where there is a car park, refreshment kiosk and toilet block. Although the sweet papers are a shock to the system, they are only transitory, for the pièce de résistance lies ahead, two exhilarating undulating miles over the rounded chalk cliffs known as the Seven Sisters.

The East Sussex County Council has turned much of the area into a Country Park, and has done an excellent job of preservation. There is a complete absence of development, caravan sites or ugly public amenities. Apart from well-maintained stiles and some fencing, the cliff-tops are left wonderfully wild and natural.

Just as a mountaineer thrills to a view of snowy peaks outlined against a blue sky, so the walker on the Seven Sisters enjoys the wide vista of bottle-green sea set against the beetling chalk cliffs of the downs. I sat on the cliff-edge of the seventh sister (Haven Brow), overlooking Cuckmere Haven, and ate my sandwiches to the sound of wheeling gulls and waves grinding the shingle beach below the cliffs. The aroma of sun-warmed turf rose in the still air while, off-shore, the Channel was barely rippled and the sails of the yachts hung loosely.

From Cuckmere Haven the river meanders slowly inland for a mile to Exceat, its shallow waters an ideal habitat for wading birds. There is an Information Centre at Exceat, whence a half-hourly bus service (no 712) runs you back to Eastbourne.

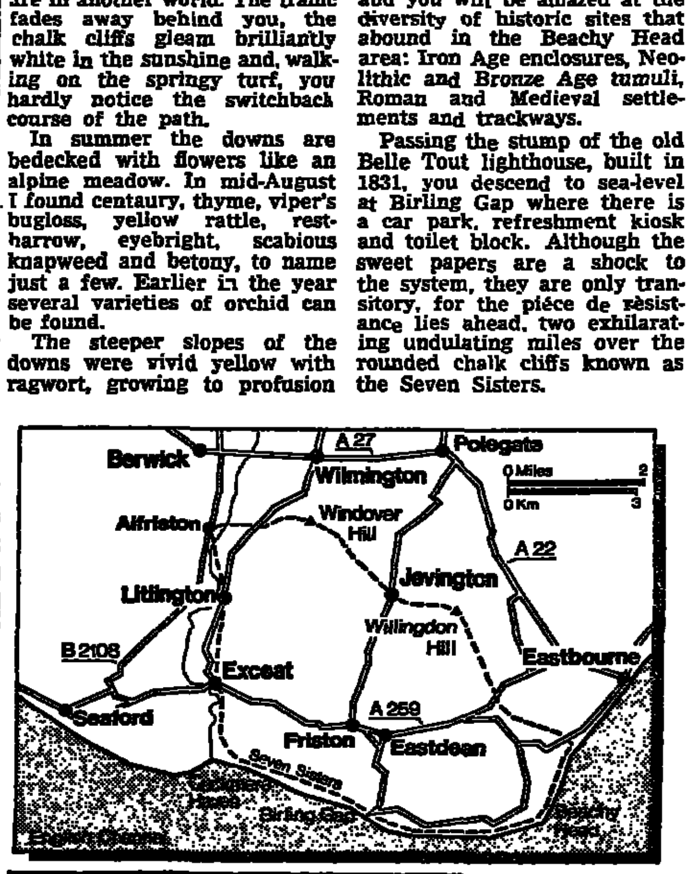
But the intrepid walkers will not break step at Exceat; they will turn inland, replacing the seascape with woods, dry valleys and the picturesque villages of the Sussex Weald. Acorn waymarks lead through Friston Forest, passing the secluded "olde world" village of Westdean. Continuing to Litlington a good path runs beside the Cuckmere river to Alfriston whose church spire, rising above the trees, beckons across the water meadows.

Lunch or tea may be taken at Alfriston at one of several inns (smugglers' haunts in the last century), in which case the river should be crossed by the white painted footbridge. Otherwise, a right turn at the bridge leads up towards Windover Hill and the Long Man of Wilmington. The giant figure, cut out of the turf, is 226 ft long and something of a mystery to historians. It is thought to be Romano-British in origin.

Back on Windover Hill you pass a long barrow (a Neolithic burial chamber) and then you stride out freely over the downs, guided by South Downs Way indicators set on low concrete pedestals. On my recent walk, as I descended the Downs towards Jevington, after a late start, the sun was sinking turning the stubbled fields to burnished gold. Jevington's Saxon church built on flint and with a tiled roof, heralded my arrival in the village, where there is another welcoming inn.

A leafy lane leads out of Jevington up to the 660 ft summit of Willingdon Hill. Then, quite suddenly, you find yourself back in civilisation. The town of Eastbourne sprawls below, and, although you still have four miles to go, some of the magic has gone.

The bridleway passes through a golf course, crosses the main A259 Seaford-to-Eastbourne road, and then meets the zig-zag road of Upper Duke's Drive. The street lights were on when I returned to my car at 8.30 pm feeling elated that my small section of the South Downs Way had provided such a perfect walk through the best of English coastal and downland scenery.



Special is as special does

HOW DO you find special plants for a special place? Nowadays, you have to be willing to travel. Many of the best specialist nurseries treat mail order business as a nuisance, second only to ground elder; others put only a selection of their varieties in their catalogues and have sold the best of them by the time you order.

By mail you are taking a gamble, quite apart from the third class habits of the first class post. It is cheaper to send out small plants, and it is very much cheaper if you send fragments as small as those I recently received from a well-known iris grower. In two years they may have reached the starting point of plants bought on the spot.

I have been bothered by a special place and have been waiting for a new source from which to stock it. Special places are either dry and sunny or shady and difficult. For the past few years I have been allowing a dry place to do nothing particularly special. In spring, we have had various wallflowers and in the summer, some red-flowered tobacco plants.

The aim was to have two seasons of flower, but wall-flowers never recover from rough winters and the tobacco plants showed a harsh streak of carmine in hot weather.

It has been high time to banish bedding and try a mixed planting interspersed with bulbs for early colour. It is quite untrue that only bedding-out can give you a succession of flowers: what, though, to choose instead?

From Hampshire, I have been hearing tempting rumours, of white-flowered forms of lavender stoechas, foxgloves with evergreen leaves, 20 different forms of salvia and plants of the Australia bluebell creeper, something called Sollya which I have never even seen.

The rumours are true. Admittedly, Green Farm Nurseries at Bentley, near Alton is open only from Thursday to Saturday until October 3 and refuses to supply by post.

The owner, John Coke, is an offshoot from the famous Jenkyn Place, but like all good offshoots, he has a vigour of his own. His list is a remarkable source of worthwhile rarities, grown cleanly and potted in a compost of two parts loam. John Coke manages a mass of cold frames, two polythene tunnels, a greenhouse and a stock of several hundred varieties with next to no assistance.

If you have ever employed labour in your own garden, you have probably ceased to believe that one person can cope with so much.

Like many of the newer small nurseries, Green Farm offers much on the borders of hardiness. It is a good time of year for shopping, as suspect plants can settle down during the summer and give you cuttings for over-wintering before the frost. In a dry special place, they are ideal.

Who wants wallflowers now that we have the lovely new yellow flowered Halimiocistus Merrist Wood Cream, a cleverly bred shrub with rounded flowers of an exquisite colour? The low-growing Mahonia Pumila looked a possible match for it, a Californian shrub with bluish-gray leaves which is hardy and purple: white penstemons could carry on through the summer after plants of the white form of campanula punctata.

I wait to see what to expect from a new hybrid, Euphobia martinii. It comes into its own in autumn when the leaves change: meanwhile, I have high hopes of the newest of the new pink diascias, a robust hybrid called felthamii.

You can see what could happen to your own special place if you have time to hunt around. Smaller nurseries, like this one, tend to be in closer touch with collectors and keen-eyed amateurs. If you want the best aromatic lavenders from the wild or the latest daphnes from Greece and Turkey you will find the journey worthwhile: for the sake of the latest wild collections you will appreciate the challenge of the honest potholes up the driveway to Green Farm.

Robin Lane Fox

David Bolton previews a new waterway plan for the Avon

Jolly boating weather

SECOND ONLY to the Thames, the Avon between Tewkesbury's Norman abbey and the Shakespeare heritage at Stratford must be England's most famous river and highly popular for boating holidays.

Yet—it seems almost unbelievable today—the navigation (one of the oldest in the country) became derelict and unusable over the past 100 years, the route through to Stratford being reopened only in 1974.

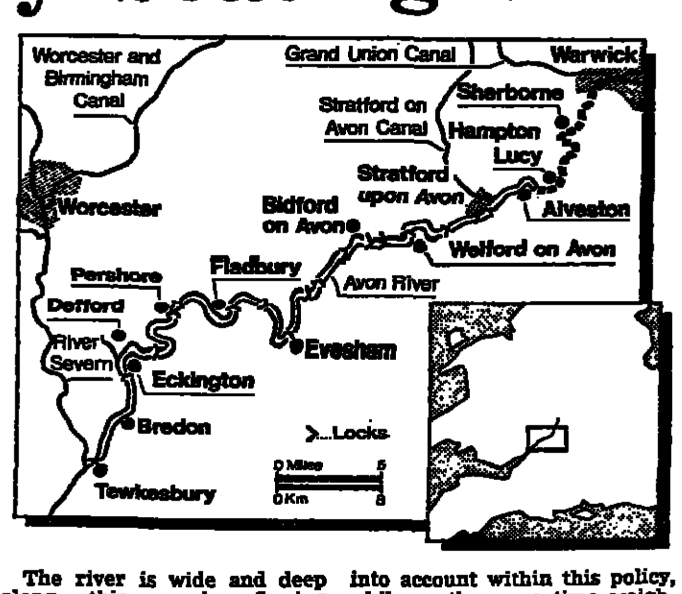
Now, an exciting development is being planned of completing the waterways link between Stratford and Warwick, joining two of Britain's most historic towns and opening for the first time a potential broad-beam route between the Thames and the Severn.

The Higher Avon Navigation Trust's proposal is relatively straightforward and could be completed within two or three years without calling on public funds. Nevertheless, like any environmental change, it is attracting locally as much opposition as support.

The Severn and Trent Water Authority has already accepted the plans within the terms of the Land Drainage Acts. More important, a report is expected within weeks from the Warwick District Council, although this cannot in itself be decisive as the Trust will have to get planning permission from Stratford as well as Warwick, followed by a parliamentary bill to allow bylaws and tolls.

Still, a favourable report would help to clear the way for a scheme that would, in effect, create England's first important new waterway since the Victorians stopped building canals.

The river is already navigable over eight of the 10 miles between the two towns, and is used extensively by rowing and sailing clubs. Existing weirs maintain a satisfactory water level; only six locks will have to be built alongside the weirs to open a through route.



The river is wide and deep along this reach, flowing through attractive pastoral countryside. Boating conditions will, in fact, be better than over parts of the lower river, particularly the extremely narrow arches of Bidford and Tewkesbury bridges.

For the tourist, the river winds past the stately grounds of Charlecote Park, a National Trust property, and beneath the great walls of Warwick Castle—a scene only rivalled by the Thames at Windsor.

The scheme was first put forward six years ago when a parliamentary bill met such united opposition that it had to be withdrawn. Then, a year ago, Warwick District Council appeared to have a change of heart by setting up an all-party committee to study the plan and assess local opinion.

"Overall, the council has a commitment to expanding tourism to encourage employment and the local economy," explains Michael Ward, its chief executive. "The future of the river, certainly, must be taken into account within this policy, while at the same time weighing the balance of other interests."

A contemporary battle of words has erupted in the local newspapers, opposition coming mainly from some anglers, naturalists and others who fear the peaceful character of the river will be altered. The National Trust, originally an opponent, has said it will accept the consensus decision.

Any change to the environment in today's sensitive climate causes conservationist groups to rise up from the ground — yet, there is no formal voice to represent individuals who would benefit from increased access to the river.

For boaters, the plan offers the exciting prospect of a cross-country waterway link unequalled before in England. The last major canal improvements were made in the 1930s when, partly to help the unemployed, the government funded the widening of Grand Union locks between Brentford in north-west London and Birmingham, intending that larger boats could be introduced to revive declining traffic.

Although wider-beam craft from the Thames can pass over the Avon on the Grand Union aqueduct in Warwick, they cannot continue to the Severn since the Stratford canal cannot take boats with a beam over 7 ft. The Trust's ingenious plan is for a single lock built on the river bed with an elevated channel from the aqueduct, standing on waste land.

The man behind the scheme, David Hutchings, has already made a significant and lasting mark on Midland waterways. As a young architect, he threw up his Coventry council job to tackle reopening the south Stratford canal, then threatened with total closure, in a record-breaking three years between 1962 and 1964.

At the same time, Douglas Barwell and the Lower Avon Navigation Trust succeeded, after 14 years of voluntary effort, in reopening the river from Tewkesbury to Evesham. This left only a short gap in a potential round route between the Stratford canal and its junction at Lapworth with the Grand Union, and the river Severn; but there had been no passage to Stratford for 100 years and all weirs and locks had become derelict.

With the Stratford canal taken under National Trust management, Hutchings was free to turn in 1969 to reviving the upper Avon which, once again, was achieved in an incredibly short time span of four years, the reopening ceremony performed by HM Queen Mother in 1974.

The Upper Avon Trust has created Britain's model waterway: each of the newly-built locks has been designed to meet boating needs and there is an abundance of water, rubbish and sanitation points, together with long stretches of safe moorings.

Country Property

PROPERTY

John Brennan looks at the impact of non-resident investment

Echoes from Miami beach

John Gorst, Folkard & Hayward chairman

JOHN GORST, chairman of the estate agency, auctioneering and financial services group Folkard & Hayward, sees disturbing parallels in the evolution of the residential property futures market in London and the collapse in the condominium market in Florida.

Echoing a point raised a number of times in this column, Gorst warns of the vulnerability of the Central London residential market as prices increasingly take their lead from investment purchases. If, as London agents report, a good quarter of all the central area properties are now being bought by non-resident investors and held for rent and eventual resale, then a growing slice of the prime property market does not have the insulation against sudden falls in value that you get with owner-occupied properties.

Investors will, if necessary, sell into a falling market to cut their losses. Owner occupiers are far less likely to help stampede prices because they tend to take their homes off the market until prices pick up again, or until they have no option but to make a move.

More immediately, as Gorst points out, if the Florida experience is anything to go by, investors who have bought properties off-plan and who are holding what are effectively future contracts to buy flats for rent and resale, could simply walk away from their deals if they saw the market turn-down.

Pointing to the speculative developments in Florida in the early 1980's John Gorst recalls that the investment futures market there had the effect of persuading builders and developers, "of a demand for their properties which was, in reality, artificial."

Plenty of would-be buyers put down $1,000 deposits when the schemes were first promoted, and 100 per cent pre-sales became the norm along Miami Beach. However, as Gorst says, "By the time the apartments were built the market had changed and very few completed their purchases. Those who did have, until very recently, had difficulty in selling their investment, even at a substantial loss."

A further disturbing parallel between Miami of 1982 and Central London in recent years is the competition to lend against residential investments and the willingness of banks and other finance houses to advance 100 per cent loans on such purchases. As Gorst says, defaults in Florida "have left the loan institutions with an unprecedented inventory of property foreclosures."

Is Gorst being alarmist? Miami Beach is, after all, a far more volatile and provincial marketplace for residential property than Central London. His words of warning also run counter to the confident chorus of enthusiasm for prime London homes from agents and from the residential property funds. They base their cheery comments on the historic evidence that a good flat in town has proved to be a rock-solid investment with a price performance record that makes the stockmarket's bull run look like a brief aberration.

However, Gorst's concern is not for the health of the capital's residential market as a whole. It is focused purely upon the investment trading stock that has only become a distinctive feature of the market over the past four or five years. And within that far more price-sensitive sector of the market it is the increasing amount of futures stock that looks potentially the most at risk.

Proposals to reform rent controls could well be the trigger for change in investment thinking in this part of the market. Plans to make it easier for landlords to let furnished properties, are, as Gorst says, likely to increase the stock of rentable accommodation and—unless there is an unexpected additional surge in demand for rental space—that greater supply is likely to mean lower rents and lower investment returns. Gorst believes that might well result in an increasing number of investment property sales.

"All in all," he argues, "there is precedent and probably also grounds for some caution in the property futures market."

Naive Britons beware

NEW PROPERTY PRICES tend to take their lead from old in Britain where, with between 170,000 and 190,000 new private home starts expected this year, the country's housing stock is weighted 120-to-1 against brand-new properties. In the Spanish apartments-in-the-sun trade it's the other way around, with heavy marketing drives for new properties sweeping up the buyers and leaving the resale market looking distinctly dull. That means that there are bargains to be had among older flats and houses around the corner from the latest developments. It also means that existing owners, without a developer's marketing muscle to promote their sales, often have to accept deep discounts on asking prices to attract a buyer for their flats and villas.

Buying old or new, an increasing number of people are taking a day or two from the beaches or the hills to look at possible permanent bases in Spain, and as the holiday season gets into gear the old problem about the differences between Spanish and British property law is bound to cause its share of misunderstandings and its crop of buyer-victims.

Apart from the rare, but heavily publicised causes of outright villainy, most of these problems stem from the heady mix of naivety and greed. The greed shows when impulse buyers prove easy to persuade that a private deal for cash will save VAT, ease the red tape, eliminate legal fees, or find a neat home for income that the Inland Revenue or the VAT-man might take too keen an interest in if it was turned into an asset in the UK.

"Let the fiddler beware," might be an appropriate adaptation of the *Caveat Emptor* rule on some stretches of the Mediterranean where cash buyers from Britain are now reported to far outnumber those arranging mortgage finance or taking advantage of developers' financing schemes.

As Count Victor Lustig said "When a man wants to give you his money, the easiest thing in the world is to convince him that he should." As it was the Count (one of his 24 known aliases) who teamed up with "Dapper" Dan Collins in the mid-20's to successfully sell the Eiffel Tower twice over before the confidence trick was exposed, his thoughts on the subject are worth bearing in mind.

As for the naivety, Bolton solicitors Russell and Russell, who have associate offices in Gibraltar, Portugal and Spain, have done their bit towards dispelling some popular misconceptions about the market by producing a useful little guide to buying property in Spain. R. and R. do, understandably, labour the value of instructing a British lawyer with practical knowledge of the Spanish property business however small the purchase. But beside the marketing message, this little summary of points to look for when buying in Spain is a useful basic guide, and it is available free from Russell and Russell at 9/13 Wood Street, Bolton BL1 1EE.

J.B.

Malta's appeal

IT HAS been a buyer's market for holiday and retirement homes in Malta over the years that political relations between Britain and the island's successive socialist governments have varied from chilly to openly hostile.

Now, with the pro-British Nationalist Party in power and pressing ahead with an investment programme to improve facilities for hard-currency-spending visitors as well as phasing out the remaining restrictions on foreign residents, the island's comparatively cheap properties are starting to attract bargain-hunters.

The rules now limit foreigners to one property costing at least M£6,000 (roughly £11,000), finance for which must come from outside the country. That is relatively undemanding, but there are also rules preventing foreigners from renting out their holiday homes; and there have in the past been problems when non-resident owners have tried to sell, since properties have had to be offered first to local residents

That resale rule regularly raised the blood pressure of foreign home-owners whose own assessments of a "reasonable price" in no way accorded with those of the former government. But the situation is being reviewed because the new administration intends to welcome inward investment of every kind, and revive Malta's traditional appeal as a base for retired people who can support themselves in what is still a comparatively low-cost economy.

Malta, and its even sleepier island companion, Gozo, have tended to be bypassed by foreign buyers for so long that residential prices are significantly lower than in other equally accessible Mediterranean holiday areas. As an example, Phillipa Roberts, managing director of Malta Property Consultants (90252-617 404), has unconverted farmhouses on her books for £12,000, modern two-bedroomed apartments for £15,000, and complete villas from £45,000.

J.B.

London Property

Country Property

Country Property

• PROPERTY •

Paying more for less

John Brennan on the fight to buy homes as London prices outstrip incomes

"WE HAVE OLDER teachers and students, but you cannot get younger teachers with families to take up appointments. They don't stay. They just cannot afford to live in London." That headmistress of an Inner London Education Authority primary school echoes a problem that has become the subject of countless television "exposés."

Cameras and presenters regularly skim over the surface of London's rising price barrier to first time home buyers. On to the screen for the inevitable few seconds' tracking shots along ranks of "For Sale" boards with voice-overs emphasising the six-figure asking prices. That's an automatic signal for a cut to contrasting shots of derelict flat blocks and homeless families packed into bed-and-breakfast accommodation.

Judge by the screen tales alone and you would be convinced that London is fast becoming a no-go area for anyone who cannot turn to parents for a large cheque to bring them within green-welly throwing distance of Sloane Square; or who doesn't have sufficient wine bar experience to rate a place in the Double-Income-No-Kids-Yet "Dinky" brigade. Yet close on 100,000 new home owners do manage to buy their way into the London market each year, and the overwhelming majority of those first timers are buying on the strength of their own income and savings alone.

Those successful first-time buyers are having to pay more for less. And to raise the money they are accepting a progressively heavier burden of debt.

A recent study by the London Research Centre at County Hall shows that the median average price paid by first-time home buyers rose 25 per cent last year to £42,000 across the Greater London area as a whole. In the Central London boroughs—the City, Camden, Hammersmith and Fulham, Islington, Kensington and Chelsea, and Westminster—that median average (which strips out the misleading extreme high and low priced properties in the sample) rose by 15 per cent to £55,800.

The same survey figures show quite clearly how first-timers are managing to squeeze their way over the price barrier. They are borrowing to the limit of the lenders' increasingly generous income mulitples, and are testing those lenders' willingness to provide loans representing 95 or 100 per cent of a property's market value.

In Central London, first timers' home loans now represent 3.7 times their household income, roughly 25 per cent higher than the national average. In the more fashionable central areas of Kensington and Chelsea, Fulham and Hammersmith, the ratio of property prices to annual earnings rises to 4.2 which, since that is only the average figure, means that an increasing number of new buyers—who are unable to turn for cash support from their families, or who cannot get low-cost loans from their employers—are committing themselves to mortages and top-up loans in excess of four or five times their current earnings.

As the London Research Centre notes, "in central London, the price paid by first-time buyers was at least four times greater than their annual household income in more than a quarter (27 per cent) of transactions."

The extent of individual borrowing is softened by the number of buyers relying on a partner's salary to buy a home jointly. The average income for a new solo buyer in London is just under £16,000 a year, but those extra earnings bring the average household income of first timers up to £20,200.

Borrowing more has gone hand-in-hand with a lowering of expectations about the size of property you can get in the first timers' prime price bracket of £30,000 to £55,000. Nearly half of all first purchases in Central London are now one-bedroom flats.

This concentration of buying interest in a fairly restricted price range is having a marked impact on the cost of smaller homes in an increasingly wide area of Greater London. According to figures from the Halifax Building Society the average price of one-bedroom flats in outer London boroughs increased by 32 per cent last year. That compares with a 24 per cent increase in the cost of all types of properties across London.

Even smaller homes on the outer fringes of London are of academic interest only to the 400,000-plus unemployed in the capital. And as 55 per cent of those without jobs are under 34 years old, one whole segment of London's potential first-time buyers are effectively, locked out of the market.

The Pavilion at Hampton Court . . . a snip at something over £1.5m.

' Mick Jagger wanted to buy the Pavilion but it came to nothing . . .'

Just a modest little palace

UNLESS you are born to it, marry into the family, or work there, the opportunity of living in a royal palace does not come up that often. When the rarity value is added to the appeal of a Grade I-listed, four-bedroom house designed by Sir Christopher Wren in 1700, and standing in 2.5 acres of walled, landscaped riverside garden at Hampton Court, a price tag of something over £1.5m seems positively modest.

The Pavilion at Hampton Court, 12 miles from central London and nine from Heathrow airport, is the last of four pavilions built by Wren on the instructions of William of Orange around the palace's bowling green. Until 1964, when the Queen (who retains the freehold of the palace through the office of the Keeper of the Privy Purse) granted an 80-year lease on the house, it was one of the monarch's grace and favour properties. Princess Amelia and Prince William Henry, Duke of York were among its 18th century occupants; and in the last century Edward, Duke of York, lived there for a time.

While in private ownership, the house was for some years the London residence of newspaper publisher Cecil King, who died recently in Ireland. Now, Kevin Ryan at the revived Harrods' Estate Office (01-409 9200) reports interest from around the world in sharing a royal residence, albeit one that is a brisk walk from the main palace buildings.

But will just anyone be allowed to buy?

There are no overt restrictions on who can have the Queen as a freeholder and occasional close neighbour although Ryan notes: "I don't know if it is true but it's said that Mick Jagger wanted to buy the Pavilion some years ago and that didn't come to anything." The normal provisions of a Crown lease—which in this case has 54 years to run—and the price would, in any event, tend to weed out anyone who might not win the palace's approval.

Handling the sale involved a return to Hampton Court for Ryan who, in his previous job as manager of Chesterton's Mayfair office, was part of the team commissioned to look at the options for refurbishing and modernising the palace buildings a few years ago.

The Department of the Environment confirms that the Chesterton proposals, which include the private sale of 20 or 30 of the vacant grace and favour appartments within the palace, could yet form part of the, "long term view", for a more cost-effective way of maintaining the buildings.

Private resale values for even the smallest of these apartments would run at upwards of £500,000; thus, creating medium-term leases on all of them could easily raise between £10m and £15m and remove substantial annual maintainance costs from the budget of the Property Services Agency, which looks after the royal palaces on behalf of the Queen.

However, the Chesterton report predated the disastrous fire in Hampton Court just over a year ago. The PSA estimates it will cost around £10m to repair the damage from that; and when a lead contractor is selected later this year, it is expected to take another 18 months before that work is completed.

With the restoration job in hand, the PSA makes the point that "there may well have to be a rethink about the whole question of having residents in a building of such national importance." So the Pavilion is likely to remain the only privately owned slice of the palace for some time yet.

J.B.

Overseas Property

Geoffrey Weston on a walk in the Black Forest

A touch of rustic luxury

KARL HAUSER was clearing *snow with a plough when I* called on him last February. His 200-year-old farmhouse, like many others in the southern part of the Black Forest, is set against a steep south-facing hillside. A bridge at first-floor level is still used to carry hay straight into the loft from the fields.

Inside was spotless, and a door from the hall led straight into the animals' quarters, where equally pristine pigs and cattle looked as though they had been shampooed that morning. You could neither hear nor smell them in the rest of the house, which was heated by one *of those monstrous tiled stoves* favoured in German-speaking countries.

There was no chimney: smoke curled unseen into the loft, where it gave a row of hanging hams the subtle flavour that is one of the minor pleasures of the forest.

But *this picture of rustic* tradition is deceptive. The Hausers take in paying guests, while the house next door, cunningly designed to look a venerable part of the farm, was built by the Hausers for more guests — marble stairs and, if you prefer it, beautifully fitted self-catering units.

This was bed and breakfast on a grand scale, but quite common to those roomy farms *in the* Black Forest, which thrive on a more or less equal blend of tourism, farming and forestry.

One or two glassblowers survive to make both tourist goods and fine art glass—a reminder *of what was once a major* cottage industry that threatened to destroy the forest because of the wood fuel it needed.

The theatre at Baden-Baden

The Black Forest competes with the Rhine as the country's most popular tourist destination, but has more space, more peace, and arguably more natural beauty. People go there to walk, drive, cycle, ride *horses, camp or just dream* along in horse-drawn caravans.

Tourist operators will take the chore out of walking holidays by transporting your luggage ahead of you each day. In winter it becomes a Christmas-card land popular with skiers, and some affluent and more sophisticated tourists.

The forest stretches north from the Swiss border between the rivers Rhine and Neckar for more than 150km as far as Karlsruhe. Four out of five tourists stick to the southern hillier country which is south of Offenburg.

Freiburg is the main centre in the south. Skiers gravitate to it *when the snow is sparse*, and local residents escape from it to the ski runs only 10 minutes away on a steep hill which brings the town to an abrupt halt. Beyond is unbroken forest.

It forms part of an area known as the Drei Länder Eck (corner of three lands) — both Switzerland and France are just down the road. Strasbourg, Colmar, Basle and Zürich are all within one to one and a half hour's drive.

But Freiburg is a fine town in its own right with an ancient *history* and beautifully preserved old buildings clustered around a Gothic minster, which was paid for by the forest's silver mines. Tiny rivulets run crystal clear through narrow cobbled streets — a fire precaution in medieval times and a cooling hazard for rubbernecking tourists today.

It is a place of theatre, music, opera, modern art galleries and old museums, one of which sells its own wine from a tiny vineyard behind. It is also a lively market town, with sophisticated *shops* and a Michelin-starred restaurant.

The Höllental, a narrow valley, leads to two lakes, Titisee and Schluchsee, both elegant and picturesque resorts, but there are countless pretty villages and valleys on and off the tourist track. Many of the hotels have swimming pools, tennis and golf courses to make up for the lack of sea.

If the south of the Black Forest is geared to active holidays, the north at least struggles to promote itself the same way, but has difficulty in throwing off its geriatric image.

In the south of the Black Forest Baden-Baden continues to bubble *along prosperously on* its well-tested 19th century basis. The casino is said to be the richest in the world and is almost certainly the most opulent.

The neoclassical Kurhaus and pump room set in formal gardens lit by romantic gas lamps form a glorious stage set.

The best of Baden-Baden can be seen in half a day and is easily accessible from Freiburg, but beware of going on gala race days: the croupiers may ask you to play with solid gold jetons, and stakes are raised accordingly.

Active service in the sun

I HAVE played tennis for three decades. I am 6 ft 2 in and hit the ball venomously. I sometimes scream and shout. In terms of coarse effectiveness I probably rate a lowish eight—say 8.2 on a scale of 10.

Yet until some weeks ago, I hadn't realised that my entire game was *built on sand—that* it was a jerry-built hulk of shoddy shots illuminated by only the dullest gleam of orthodoxy.

The realisation that almost all my strokes were built on rottenness occured after about 3½ minutes of my first lesson at the Roger Taylor Tennis Centre at the Vale do Lobo resort-complex on the Algarve, Portugal.

The centre has 12 courts (six floodlit), plus a pro shop, restaurant and swimming pool, and is as good a place as any to seek coaching or lessons, or *simply a tennis holiday.*

The group that I was in was hardly a master class, but then Roger Taylor, MBE, is a very patient man. A three-times Wimbledon semi-finalist (1967, '70 and '73), he is a legacy, as it were, of a gentler age of tennis, before the advent of the mega-brats.

Typically, a tennis lesson at Vale do Lobo lasts for three hours, and starts with a run. I don't like runs, so I sat in the shade, but I joined in the stretching exercises.

Then came the work. Over two days, Taylor and his beefy assistants worked on our topspun backhands, lobs, second services, volleying and doubles strategy. If we had been there a full week we would have covered more.

My first shock was realising that to hit a proper topspun backhand you have to change *your grip. That isn't difficult.* But to hit it really well causes irritating pain halfway up the forearm.

My lob was not admired. "Don't flick it, Mike," said Roger. "It's a lifting shot. Imagine that you're lifting 2 lbs of sugar." As for my second serve: "Use a chopping action, Mike, and follow through. You're far too flat." And my doubles strategy: "Watch your tramline, Mike. You're intercepting well, but you're leaving quite a gap."

On my return to London John Barrett, the FT's tennis writer, diagnosed my major failing as "lack of control of the racquet face," and no doubt he is right. At least he didn't mention rottenness.

About 10 miles west of Faro, Vale do Lobo bills itself as the Algarve's premier resort. It is certainly cushy—and mercifully quiet. Work on the 1,000-acre development started 25 years ago. At present there are *about 750 villas and apartments*, plus a 27-hole golf course and the tennis centre, while 1987 sees the opening of a major *sports* centre with all the trimmings.

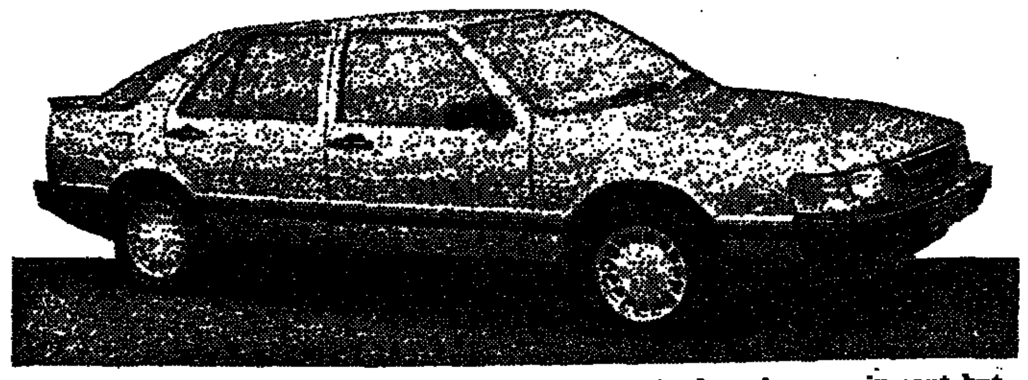
This is relatively small beer compared with plans for the *next decade, when* Vale do Lobo expects the number of villas and apartments to double gradually. Other projects include a luxury beach casino hotel, two more hotels, marina and beach club—at a total cost, says owner Sander Van Gelder, of about £500m, including money from Hong Kong.

Van Gelder is bullish about prospects for the Algarve—"We've got the best climate in Europe: 3,000 hours sunshine, and not much humidity"—and confident that Vale do Lobo is on the right track. "There is no reason," he claims engagingly, "why we should not become a very large place where people can find *everything that will make them* happy—especially families."

● **Tennis visits can be booked through Roger Taylor Tennis Holidays, 85 High Street, Wimbledon, London SW19 5EG. Tel 01-947 9727. Prices per week range from £287 to *£597, per person, plus £135-*£150 for 15 hours coaching plus unlimited play. The basic holiday charge includes *return flight* Gatwick-Faro, accommodation at Vale do Lobo, a Group A hire car, and personal insurance. You can also stay in the Hotel Dona Filipa do Lobo, operated by Trusthouse Forte.**

Another organiser is *Europa Tennis Holidays* (PO Box 149, Southampton, tel 0703-731713 or 58277), whose current offerings include a *two-week tennis holiday in St* Lucia from £730 per person in self-catering apartments.

Michael Thompson-Noel



At £22,495, the Saab 9000 SE is for buyers who like luxurious equipment but who rate vigorous performance higher than mechanical silence

Sporting package

THE Saab 9000 SE has a two-litre, four-cylinder engine and costs £22,495. If you think that *sounds a lot of money I would* not disagree; but the Saab is not your ordinary two-litre four-cylinder medium/large executive car like a Ford Sierra Ghia, shall we say.

It is a sporting package with very high performance and such comprehensive equipment that even an accessory fanatic would be hard-put to find anything to add. (Except, of course, for the in-car entertainment system. *Only* the Japanese fit an elaborate ICE package as standard. European car makers tend to leave the choice to the buyer).

The climate control filters, refrigerates or warms the air coming into the Saab. The interior is leather-trimmed, the front seats are heated, and the outside mirrors and windows are operated electrically although the front seat adjustment is manual. ABS brakes and on-board computer are standard.

A walnut veneer instrument *panel surround* and *door cap*pings are fitted in Britain and I find them out of character with the Saab. One might as well put a walnut fascia in a Harrier jet, in my view, although many will *disagree*.

The 16-valve, turbocharged and intercooled engine puts out 175 horsepower at 5,300 rpm and develops maximum torque (pulling power) at a sensible 3,000 rpm. In combination with a ZF four-speed automatic transmission (as used by BMW and Jaguar), it gives the Saab flashing acceleration on dry roads and relaxed, reasonably economical cruising on the motorway. The overall gearing is fairly high, with fourth giving more than 24 mph (38 km/h) per 1,000 rpm.

By using a gentle right foot to keep the engine off the turbo, the Saab returns almost 30 mpg (9.42 litres per 100 km). *Consumption rises spectacularly if* the turbo is used to extract maximum performance. Then, the Saab is almost embarrassingly fast, because a moment's inattention sees the speedometer needle past 100 mph (160 km/h) and climbing.

Where the turbo power is useful is in regaining an 80 mph (128 km/h) cruising rate after slowing down to 50 mph (80 km/h). Too much acceleration from a standstill on a rainy day is not recommended; the Saab spins its front wheels readily.

The transmission is set up for an enthusiastic driver who wants to keep the engine spinning fast. *It holds intermediate* gears to quite high speeds and kicks down readily from fourth to third at 75 mph. In town traffic, I kept wishing it would change up earlier.

Driven hard, the 9000 SE is noisy for a car in its price bracket but the dedicated Saab enthusiast will not mind. The business motorist seeking luxurious equipment and refinement *and who is not* bothered with a 135 mph (217 km/h) speed potential, might do better to look elsewhere.

Show reminder

With the vast Frankfurt Motor Show still three months *distant, it might seem premature to start thinking* about Britain's Motorfair. This does not open its doors until October 22 but, with the sort *of weather* the country has had recently, autumn thoughts come crowding in.

***Motorfair* takes place at Earl's Court every other year when there is no International Motor Show at the Exhibition Centre in Birmingham. It is more like the old Motor Show used to be, although without all the smoke-filled stands on which component-makers' men, glasses in hand, sold bifurcated rivets, spring washers and die castings to one another while the punters looked at the cars.**

***Motorfair is about motoring* in all its aspects. It is light-hearted, populist, entertaining and well-supported by the *motor industry. Once an up*start rival to the "*proper*" motor show, it is run in partnership with the Society of Motor Manufacturers and Traders. (The SMMT ran the *old* London Motor Show and now runs the one at the NEC.)**

***There will be quite an array of new cars for Britons* to see for the first time at Motorfair. The Peugeot 405, for example, will be unveiled there in right-hand drive although it will not go on sale until January 1988.**

The British-built Peugeot *might be the star of the show* but Mazda's still-secret 626 replacement with four-wheel steering will also make its debut there. So will the four-wheel steered Honda Prelude. Both will be in the showrooms soon afterwards.

General Motors will lift the veil on its new luxury car, the Senator. Austin Rover will show a special car with design features chosen by women.

Stuart Marshall

• WEEKEND FT REPORT •

Business Books

Australia's top brewer . . . the trouble with Guinness . . . women in business . . . the latest from Silicon Valley . . . FT writers review the books that matter

The Elder statesman

ELLIOTT
by Peter Denton, published by Little Hills Press. £12.95. 266 pages

PETER DENTON tries hard to like John D. Elliott and to persuade the reader to share his admiration. The trouble — and the main problem with his biography of the founder of Australia's Elders IXL group (Foster's lager and a lot more) — is that he keeps too respectful a distance.

In spite of his reputation as a streetwise, plain-spoken Aussie, Elliott emerges from between the lines as a pretty intractable interviewee.

Tittle-tattle about a family friend who came to inspect a three-piece suite, felt Baby John's bumps instead and proclaimed he had a "great future", is not the stuff of biography. The same goes for his delight in table-top cricket, and his taste Four 'n' Twenty pies and Marlboro cigarettes.

And what are we to make of this? "We often played games like Hitler or something similar, and John would always have a starring role", recalled another friend. Some friend.

Stilted extracts from interviews with the man himself, and rather more revealing insights from colleagues in business and politics help a little. However, most of these elements appear to have been pasted into the manuscript, almost as afterthoughts, in a vain attempt to give life to a book which has all the hallmarks of a "clippings job."

Denton also has an irritating habit of tagging odd snippets, for which he could apparently find no logical place in the narrative, on the end of chapters and dubbing them "notes".

Still, the book (Little Hills Press, £12.95) has a value in that it provides a reasonably comprehensible potted history of the evolution of Elders IXL and its headlong charge through the fusty ranks of the Australian business establishment.

The brawny, squishy-nosed Australian, is still only in his mid-forties, and appears to have plenty of aggression to spare. In spite of the international renown of his Foster's lager, and his forays into the UK — first tackling Allied-Lyons and then plumping for the Courage brewing business — his power base is still firmly fixed in Australia.

It is reasonable to assume that his ambitions in international business are far from fulfilled. He also hankers after political power. Elliott, it appears, psychs himself up on long drives by playing recordings of Winston Churchill's speeches over his car audio system.

He has established a strategic position in Australia's Liberal (conservative) party establishment, and used it to promulgate *his faith in the "new conservatism"* exemplified by the achievements of Ronald Reagan and Margaret Thatcher.

Australian conservatism lags about 10 years behind that of the US and Britain, Elliott says.

Judging from some of the thoughts recorded in this volume, Elliott tends to take a simplistic, even rosy view of the world beyond Australia. Also, the substance and quality of his rhetoric seem suspect, to judge by the following extract:

"We are one of the few countries in the world that can't employ our educated people," he says. "In Britain they are going through structural changes because their industries have become out-dated. Some of the older and less educated people can't get jobs because their means of livelihood has been taken away. But any university graduate can choose their job. In this country we can't even employ them."

One aspect of his management formula might also have been better explained. "It is important to keep taking decisions . . . We know you're going to get a few wrong but if you're making 60 per cent right and 40 per cent wrong then you're still further ahead than if you're not making them at all." One wrong decision, as many of his takeover targets can affirm, can be fatal.

The single characteristic which emerges most clearly from this book is that Elliott's single-minded thrusting style has not allowed him too much time for dalliance over details.

He is going to have to watch that. And the rest of the business world is going to have to watch him.

Christopher Parkes

How Japan hijacked Hollywood

FAST FORWARD, HOLLYWOOD, THE JAPANESE AND THE VCR WAR
By James Lardner, published by N. M. Norton, New York, £18.95, 344 pages

THE VIDEOTAPE recorder was invented by a US company, Ampex, just over 30 years ago. Today, the world population of these machines and their *derivatives stands at around* 100m of which nearly a third are in the US. Yet such is the domination of the Japanese electronic companies that not a single American manufacturer produces them. The big US names—like RCA, GE and Zenith—simply buy Japanese products and stick on their own nameplates.

Lardner's book provides a gripping account of how a whole industry was hijacked in this way. As a subplot, it develops a theme which is familiar in the history of technology—the struggle between the pioneers who try to introduce new devices, and the protectionists who want to guard and exploit existing products.

Hollywood's unsuccessful attempt to protect its film libraries by keeping Sony out of the home recording business has interesting parallels with the current efforts of the recording industry to hold back the introduction of digital audio tape and to impose some kind of royalty payment on blank audio tape.

The failure of US industry to make a mark in home video was not for lack of trying. More than a dozen major companies—like CBS, RCA, Motorola, Bell & Howell or Zenith—had ambitious and ingenious plans, all of which came to nothing. One explanation was that the Americans did not have a consistent approach to technology, or clear idea of their goals.

Their plans tended to be conceived on an enormously expensive and ambitious scale, leaving no room for the unexpected problems which were inevitable in a complicated new consumer product. When things went wrong, they were likely to cut and run.

Ampex, the company which gave Sony its key technology licence, is a good case in point. It was used to selling into professional, as opposed to consumer, markets and was left standing by Sony with its simpler, lightweight products. Under an over-ambitious management, it was also tempted to spread its resources too thinly, and was knocked flat when it ran into problems on its established businesses.

Some companies nearly made it. A full three years before Sony hit the market, Cartrivision was selling a product capable of doing everything that a Betamax could achieve. But the company was overstretched and undercapitalised, and was sunk by technical and marketing snags.

The Japanese success was driven at least in part by the fierce competition between three leading companies—Sone on the one hand, and JVC and Matsushita on the other. Lardner's account of the hostility between these two camps is a useful corrective to western misconceptions about Japan Inc. He is also interesting on the role of the Ministry of International Trade and Industry.

Far from being the fount of all wisdom, MITI seriously delayed the deal with Western Electric which was to give Sony access to transistor technology.

What the Japanese companies *appear to have had above all* was a clear understanding of the needs of the consumer market, and a single minded approach to getting into it. Matsushita's breakthrough came when RCA agreed to take its products—provided they could record for three hours as opposed to two.

When the company's engineers protested, they were told "It's not a matter of possible or impossible. You must." Six weeks later, they were there.

A large chunk of the book is given over to the prolonged legal attempts to restrict the use of Sony's products on the grounds that they allowed people to flout the law of copyright by taping movies and TV shows in their own home. Out of this lengthy and somewhat tangled account, two clear points seem to emerge.

One is that if a product has gained a high level of acceptability among a large enough body of consumers, there is very little the law can do about it. The legal argument was finely balanced in the Sony case—even the Supreme Court had great difficulty in coming to a clear position—but no politicians were going to risk the unpopularity that would have come from taking up Hollywood's case.

The other point shown by this story is that it is wrong to assume that every new technology will necessarily replace an old one. In the words of one observer "the development of technology is not displacive—it is cumulative." Many of the Hollywood film studios which feared they might be ruined by development of home video have in the event profited mightily from it. Maybe there is some comfort here for those western electronics companies which are trying to restrain the introduction of digital audio tape.

Richard Lambert

Market changes

GLOBAL STOCK MARKET REFORMS
by Paul Stonham, published by Gower Studies in Finance in Investment, £25, 157 pages

THIS HAS all the hallmarks of a book written in a hurry. You do not have to read far to form this impression; take just the first sentence: "For most part, the dramatic changes in the world's major stock markets in the 1970s and 1980s have been the result of fundamental economic, political and structural trends and events taking place." Hardly an invitation to curl up by the fire turning the remaining pages of which, fortunately, there are only 157, including the index.

It is a dry as dust description of capital market reforms in the US, UK, Japan and France which appears to have been completed in the middle of last year. *There may have been a* market for such a book as a pre-Big Bang primer, but most practitioners and academics will surely feel they are merely reading yesterday's newspaper clippings, and business school students deserve something with more verve to stir the imagination.

However, Paul Stonham has at least packed together lots of information which is rarely found in one place. Briefly, when he discusses Japan, one gets an enlightening sense of *perspective, a sense of the* relationship between finance and the rest of the economy.

But elsewhere it is a constant struggle to remind oneself that the subject matters at all; that it directly affects the well-being of real people in real economies.

It is even more difficult to recall that some informed observers regard these financial reforms as the greatest liberation since Magna Carta while an almost equal number see little more than chaos and waste.

Most of the serious regulatory problems associated with the internationalisation of equity markets rate little more than a passing mention. Similarly with other problems. How, for example, can *trans-national* company analysis get round the problems of different accounting methods to produce globally acceptable p/e ratios?

There is also no inkling of the likely effect of demand for equities *consistently* outstripping supply. For while investors are flocking into equities there is some evidence that industrial issuers are becoming increasingly disillusioned.

In the US there has been a huge switch from equity to debt thanks to leveraged buy-outs or the attempt to avoid them (as Stonham does point out), and in the UK the recent debates on short-termism and pre-emption rights have pointed up some of the burdens of equity funding to companies.

Perhaps we are seeing some convergence between the two systems. Perhaps we are also seeing a historic power shift from politicians to markets. *After all*, if one of the key elements of Labour's economic programme—the repatriation of capital—could be *simply* undermined by asset swaps, is there much point in even contemplating policies that the market does not like?

David Goodhart

Barry Riley on the first book of many

Guinness and its fallen genius

IS GUINNESS GOOD FOR YOU? by Peter Pugh, published by Financial Training Publications. £12.95. 160 pp

AS THE biggest Business scandal in Britain for many years, the Guinness affair will no doubt inspire more and deeper books than this one, but Peter Pugh has the important advantage of being first.

Although it is basically a cutting job, it is smoothly written and the author has clearly made one or two fruitful visits to Scotland even if his inquiries at Guinness or in the City of London appear to have been rather less productive.

The crucial character in the story is, of course, Ernest Saunders, the one-time Guinness chairman and chief executive who now faces charges of obstruction of justice, plus whatever might be the consequences of the Department of Trade Inspectors' report into the company.

But there are various other strands. For instance, there is the role of the Guinness family, which hired Saunders from Nestlé in Switzerland and gave him almost unlimited power as the share price rose rapidly higher.

There is the complacency of the various regulatory authorities, ranging from the Stock Exchange to the Bank of England.

The author quotes Scottish banker Angus Grossart as saying that after the Takeover Panel agreed to Distillers paying Guinness's takeover costs Saunders concluded that he could get away with anything, particularly as far as the panel was concerned.

After the dumping of Sir Thomas Risk as chairman, in contradition of undertakings in the takeover document, a key independent Scottish director of Guinness, Charles Fraser, was surprised to hear on the radio a statement by the chairman of the Stock Exchange, Sir Nicholson Goodison. A full inquiry into the affair had been concluded, he said. But what sort of "full inquiry" could have omitted any questioning of Fraser or Risk?

Then there was the uncritical admiration of the majority of the press for the charismatic figure of Saunders. City editors were seduced by his charm and flattery, and the select few were favoured by the leaking of juicy stories.

The Scottish papers, it is true, were highly suspicious of the Guinness chairman, whose broken promises had gone back to a commitment not to sell off hotels owned by Bell's, which Guinness bought in 1985. But according to Peter Pugh, "The English press, with the exception of the Daily Mail and the Financial Times, were duped."

On Thursday, September 11 1986, a "day of shame for the City," according to the author, Saunders faced shareholders in a crucial vote of confidence over the Risk affair and emerged triumphant.

It was to prove shortlived, because less than three months later the Department of Trade and Industry, apparently alerted by a tip-off from the US Securities and Exchange Commission, sent in the inspectors. The consequences for the British system of self-regulation still have to be worked out, but are bound to be severe. Already the Takeover Panel has a new chairman and a more aggressive brief.

Apart from a short chaper of conclusions, Pugh concentrates on telling the story rather than on deep analysis. Eventually, no doubt, the inspectors' report will shed some light on what exactly went on within Guinness and its main City advisers, merchant bankers Morgan Grenfell, who subsequently felt the full, if delayed, wrath of the Bank of England.

But Saunders remains a cold, calculating and distant figure. Only a few facts about his past emerge in this book. Apparently he has not been on speaking terms with his parents-in-law for almost 25 years. Can this be significant?

Pugh tries to link him, rather sketchily, with the Third World baby milk scandal at Nestlé in the 1970s. But what is certain is that Saunders' relationships, dating from that time, with both Thomas Ward, the US lawyer, and Arthur Furer, the Swiss industrialist and banker, who both later became Guinness directors, were to prove crucial. We need to know more about the Swiss connection.

Ernest Saunders — has the taste turned sour for him?

Who's who in the City

BECKET'S DIRECTORY OF THE CITY OF LONDON. Published by Becket Publications, 259 New Kings Road, London SW3. 1,000 pages. £65.

In Becket's Directory, of which the second edition is about to be published, the City of London now has its own Who's Who. Although with its list of 700 institutions it covers a little of the same ground as the better established Crawford's Directory of City Connections, its main feature is the 1,500 or so potted biographies—compiled, so it is claimed, with the help of "some of the City's most influential decision makers."

Becket's gives some insight into the City's sociology. Out of 113 merchant bankers 16 went to Eton, but of 173 accountants, clearly a much more proletarian crowd, there is only a solitary old Etonian but, curiously, there are 10 who went to Marlborough.

Out of 155 City solicitors 84 went to Oxbridge but, as you might expect, only 21 out of 82 top clearing bankers. Top clubs for City men appear to be Brooks's, White's and Boodle's, in that order, although if you believe their stories about their working hours it is a mystery how City executives find time for West End clubbery any more.

Big Bang has meant extensive changes in jobs since the first edition came out at the end of 1985. But the authors note that in a substantial number of cases people have changed the name and address of their employer without actually changing their own position.

CHAMBERS OFFICE ORACLE Published by W. & R. Chambers. £8.95. 770 pages

The publishers claim that the Office Oracle plus a Filofax will provide the yuppie office dweller with all the essentials of office life. Coming from Chambers, the Oracle not surprisingly includes a dictionary, which absorbs the back half of the volume. In front is a compendium of all the potted guides, glossaries and lists that the consultant editor, Doreen Sharp, has been able to think of.

It looks a good try, but such a volume has to prove itself to be useful in practice. If the user searches too often in vain for information on, for instance, typefaces, or perhaps the mains voltage in South Korea, he will lose interest. But those wanting to know about a Gantt chart or curious about what a quertyphone is or wishing to confirm that May 24 is the Day of Slav Literature in Bulgaria will strike it lucky here.

If they play their cards right, Chambers could score heavily in the business Christmas present market.

B.R.

Boom and bust activity

THE CORPORATE WARRIORS by Douglas K. Ramsey, published by Grafton, £12.95. 260pp

FOR DOUGLAS RAMSEY business is war by another means. *Corporate Warriors* sets a selection of American business battles and their generals in the context of Bonaparte, Von Clausewitz and Sun Tzu. Militarily speaking Captain Courageous, Ted Turner, the Atlanta-based cable television magnate, has failed to produce a profitable broadcasting enterprise. The legacy of his eight-year harassment of the "nets" is CNN, the cable news channel, and a mountain of debt.

Turner Broadcasting Systems' desire to expand by taking on debt clearly ran far ahead of the group's ability to repay. Unfortunately, *Corporate Warriors*, which in the first of its six chapters gives plenty of "when the going gets tough, the tough get going" material on Turner, reflects little of this.

In mid-May TBS announced first quarter losses of almost \$40m—the cost of the junk bonds issues as a result of the \$1.5bn takeover of MGM/United Artists weighs very heavily. Turner has now put up for sale half his commanding stake in the group and agreed veto powers for the new shareholders over budgets and major decisions.

Should TBS's debts not be rescheduled within a year, then Time Inc will take over the running of the group, buying out Turner. This would not be the first retreat from Moscow which marked the end of a general's imperial dreams.

In "The Pubic Wars," Ramsey regails us with the tale of how Bob Guccione's Penthouse magazine successfully out-raunched Playboy in the 1970s. With a mixture of worthy writing and below the bikini-line pictorial, the circulation of medallionman's more revealing product had drawn almost level, at around 5m, with Hugh Heffner's magazine by 1977.

Guccione had challenged Playboy's weakness of being a single product company by offering, in a literal sense, a lot more of the product a the same

Terry Povey reveals all from a book about business battles

price. We are not told what has happened since. Did the Hustler out-raunch Penthouse? Has the young male-market not moved on in the subsequent decade and/or the AIDS-induced moral conservatism dried up the libidinous wellspring?

Also for a business tale there is little mention of profitability and surely the point about Heffner's skin empire has been missed. Playboy's real problem was not that another magazine could capture a sizeable chunk of a men-only camp but that the proceeds of its success over the year were invested in poorly returning diversifications.

Three months ago Donald Burr, founder of People Express Airlines, resigned from his Texas Air vice presidency to pursue "independent business interests." This was perhaps the inevitable outcome of the virtual collapse of People Express last year — losses for the first three quarters totalled \$243m — and its fire sale for \$112m to Texas Air in December.

For Burr it had been an eight year round trip back to Texas and the boss he couldn't stand, Frank Lorenzo. Ramsey's accounts of the rise and fall of People Express, Dogfight Over Deregulation, is one of the best chapters in the book as a more critical stance is taken with regard to the general in charge. Burr's employee democracy was geared to a rising stock market price for the shares that all his staff were obliged to buy.

When People Express launched its ticket price war, Wall Street fell out of love with all airlines, Burr's included. Again over-rapid expansion and over-generous credit lines put paid to a brave experiment.

Other chapters in *Corporate Warriors* deal with the Cola wars, General Motors' battles with the Japanese and the sundering of Ma Bell. The theme in each is of the challenge faced by an entrenched major from an aggressive rival. All Davids and Goliaths.

Readers may be intrigued at the absence of the main beneficiaries of all this boom and bust activity. The banks, especially the junk bond factories, are the ones without whom the hyper-debt levels would never have been possible. Equally impossible would have been the notions of waiting to expand, that consolidation is not death and that supply lines cannot be over extended.

Collectors of business books will want to have *Corporate Warriors* on their shelves—there are never enough unguarded comments, or hostages to fortunes quotes to go round.

Sex and the boardroom

BUSINESSWOMAN: PRESENT AND FUTURE
edited by David Clutterbuck and Marion Devine, published by Macmillan, £25, 192 pages

"I DID not go through the sexual revolution," said Ms Betty Friedan, the veteran US feminist, "for a generation of female Hoover executives."

Ms Friedan had a point. Any self respecting revolutionary wants to change the hegemony, not to toady to it. Yet the women's movement, which has expended so much intellectual effort and energy on examining women's roles in so many spheres, has been singularly silent on the role of the businesswoman.

In many ways this silence is unsurprising. The dominant images of the businesswoman are so uninspiring. There is corporate woman in her sensible suit, chomping concrete for her power breakfasts in an attempt to prove she is just as capable, just as competitive — every bit as boring — as corporate man. Or there is enterprise woman with her Barbie doll looks and her marriage to the money man: the City always vents its sexism on her share price when the divorce papers drop through the door.

Neither image has the makings of a feminist role model. But the women's movement prides itself on representing the dullest and dowdiest of female roles in a positive light. Why the silence surrounding the businesswoman? Perhaps because in a society in which so many women live in despair and on the dole cheque, who can spare sympathy — or feminist theory — for the female executive sobbing into her designer hankie?

One reason why the women's movement may have to address itself to the role of women in business is that, in the future, there will be so many more female executives. Thus far the sexual revolution has made little impact on the boardrooms and business schools of Britain. Women make up 42 per cent of the workforce, but just 5 per cent of working women are managers or employers. Two decades ago the proportion was exactly the same.

The future looks rather more promising. Today, young women are more prominent than their predecessors in management training: 40 per cent of the students in French business schools and on British business studies courses are female. Within a few years these women will be clambering up the corporate ladder.

Yet the business world is ill prepared for their arrival. This collection of essays paints a picture of the world awaiting the working woman.

Judi Marshall sketches the world of the manager: in which a woman tends to play one of two roles. She can sublimate her own character to become "one of the boys" or an "honorary man"; or she can act out a sexist stereotype, such as the "siren" or the "earth mother."

The trade union movement is no more enlightened. Anita Gulati and Sue Lediwth describe how the unions have bolstered declining membership rolls by recruiting new women members, but have been less than enthusiastic in ceding power to these new recruits.

Betty Friedan: a guide for the businesswoman

The essays are less successful in suggesting solutions to the problems confronting the businesswoman. Clutterbuck and Devine advocate "mentoring," whereby a senior employee acts as a mentor to a junior offering advice and information. Valerie Hammond recommends self-development groups as a source of support. Both concepts seem like clumsy compromises between the rhetoric of the male establishment and the 1970s women's movement.

The structural changes within the workplace—which will usher in flexible employment patterns with concepts like off-site work and job sharing—offer the only real opportunity to create a more empathetic business environment for women. Yet these changes lie far away in the future . . . too far for the bright, young businesswoman of today.

Alice Rawsthorn

The new self-made man

THE REAL WORLD OF THE SMALL BUSINESS OWNER
By Richard Scase and Robert Goffee,
Croom Helm, £8.95. 170 pages

SELF-EMPLOYMENT and the small firm have been promoted vigorously by many governments in recent years as the answer to joblessness and the decline of many traditional large companies. But, as the politicians themselves sometimes acknowledge, not a lot is known about what motivates the small businessman.

At a time when many people are questioning the validity of the assumptions underlying small firm support and asking whether government programmes are being correctly targeted, this second edition of a book first published in 1980 makes a useful contribution to the public debate.

Richard Scase and Robert Goffee provide a revealing portrait of the life-style of the small business owner and his family. On the basis of this they question whether government policies are soundly based or whether the image of self-employment that is projected may not actually be dissuading some would-be entrepreneurs from starting up on their own.

The qualities which traditionally distinguish the self-made man—hard-working, ambitious, energetic and motivated by economic gain—could be applied to people in many walks of life, they point out. So what does make an entrepreneur?

Many self-employed businessmen choose their way of life for negative reasons—they reject working for somebody else because this restricts their freedom and attempt to "drop out" of conventional employment into something more satisfying.

For this reason many small businessmen refuse to let their operations grow beyond a certain size because the administrative burden of running a medium-sized company would take them back into the rigid hierarchy they sought to escape.

For a number of the entrepreneurs interviewed by Scase and Goffee, chance played an important role in their decision to set up in business. They met the right man at the right time who gave them a push.

The conventional view of the entrepreneurial type too often imposes "rational" and "logical" explanations on experiences and behaviour which are extremely diverse, personal and random, the authors argue.

Many small businessmen see themselves outside a clearly-defined class structure since they cannot compare or identify themselves with managers or professional workers. Many have attained a life-style out of line with their formal educational attainments. They are too affluent to be working class but lack the cultural skills to be completely middle class.

The image of the self-made man as someone driven solely by economic motives must not be allowed to mislead governments into mistaken economic policies, the authors warn. They found for example little evidence that the tax system inhibited small business start-ups and growth.

What does hold back small businesses is a fear of employment law and of the problems they have in finding suitable employees. Small firm owners often lack confidence in their ability as managers so are reluctant to expand. The solution, the authors believe, is as obvious as it is undramatic. Better training in basic business skills and in management techniques would improve the growth prospects of many small enterprises. Little appears to have changed in the seven years since the first edition was published.

Charles Batchelor

Up from the Valley

HIGH-TECH SOCIETY
by Tom Forester, published by Basil Blackwell, £12.95

SO MANY superlatives have been generated by the unique industrial adventure centred on Silicon Valley that there is no point in adding to them. But it is worth remembering that the high tech revolution has been telescoped into an extraordinarily short period of time.

It was only 30 years ago that Fairchild Semiconductor, the most influential of the early chip manufacturing companies, was formed: and although Fairchild is now almost a name of yesteryear, the speed of change shows no sign of letting up.

When you are moving on such a rapid escalator, it is difficult to assess exactly where you are—a problem that has been painfully apparent in most of the books so far on the high tech revolution. Writing on the electronics industry phenomenon ranges widely from wide-eyed optimism about the abolition of drudgery, to prophecies of doom for a workless society, and breathless celebration of the new breed of entrepreneurs who have made it all possible.

Add to this the inability of most writers to explain the technology that is driving this change, and it is obvious that there is a clear need for a study such as Tom Forester's. It is a book that will not leave you convinced that things are changing either for better or worse, and which does not seek to prophesy exactly where the next changes are coming.

But as a clear snapshot of where we have come from, and how technology has spread its tentacles around our society, it is difficult to think of a better alternative.

Forester, now a don at Griffith University, Brisbane, in Australia, worked for several years on New Society, and one of his strengths is that he writes with the clarity of an excellent magazine journalist. This skill is valuable in dealing with such a highly technical subject, where the industry specialists talk a weird and arcane jargon which is virtually impenetrable to the non-technician. One of the best sections of this book is his lucid description of the development of microcircuitry, showing both how chips are designed and made, and where the technology is leading.

It is important to have some feel for the chip manufacturing process because this is what controls the evolution of the electronics industry—to take a simple example, there were no integrated circuits at all in the traditional turntables used by the music industry, while the compact disc could not have been developed without sophisticated chip technology.

Forester, wisely, does not attempt to predict exactly which technologies will succeed in the future, or to give answers to the social questions raised by the astonishing advances being achieved in the speed and complexity of semiconductor products. What he offers instead is a detailed account of how markets have evolved already, laced with a number of questions about the kind of society that is emerging as a result.

Washing the chips in Silicon Valley, California

It could be argued that this approach lacks ambition, and in a sense it does. But for anyone used to wading through the typical electronics literature diet of half-baked futurism, poorly-digested history and technological gobbledygook, it is a refreshing change.

You can pick up Forester's book and see clearly the impact made by the electronics revolution since the late 1950s in all the main areas of application. You are given an equally cogent view of the technical options for the future, and a range of opinions, culled from widely different sources, about the effect on jobs and the way we work. You will also be left with an impression of the high stakes that are being played for by the leading industrialised countries, as the battle for prosperity and progress appears to drift increasingly in the direction of electronics.

Terry Dodsworth

Nameless billions

THE FLIGHT OF INTERNATIONAL CAPITAL
by Brendan Brown, published by Croom Helm; £45; 447 pp

THIS BOOK is about possibly the most intriguing subject of international finance: those nameless billions of dollars which pour through the global money system, upsetting governments, playing havoc with exchange rates, pausing only to take stock of the next day's newspaper headlines.

What is it that propels this great torrent and what, if anything, can be done to anticipate it? These are the questions which Brown sets out to answer in this weighty (and costly) tome. Rather to one's relief, it is not yet another book which addresses these issues from the viewpoint of governments trying to keep the international capital markets in order (a pointless approach because the answer is always the same: they can do precious little). Instead, Brown takes the side of the investor and picks through the great capital migrations of this century to see what lessons they offer to those seeking to protect their money: the outflows from the US and France after the Great Depression, the flight back to the dollar as war looms, the flight into the Swiss franc during the war, and the upheavals of the 1960s and 1970s which affected all the major currencies.

It is a meticulously researched book. Most of it is a detailed narrative of events, often day-by-day, drawing heavily on accounts in the contemporary financial press. Even floods on the Yangtze River and the price of raw silk are studied for their effect on the value of the pre-war yen. But highly readable though it is (there are also politcal cartoons to liven the pages) one wishes that there were more glimpses of the wood and fewer descriptions of the trees.

Brown does, indeed, draw conclusions but they are perhaps not as eye-opening as the amount of research might have prepared us to expect. One lesson he draws is the powerful influence which the US business cycle has on international capital movements. As the US economy pulls out of recession ahead of other countries capital flows into the dollar, but the flow eases when others catch up and eventually reverses itself. Exchange rate risk does not appear to be a great deterrent; what is important is people's judgment of the timing of business cycles.

Another lesson is that there are always two poles to capital movements, one of which is invariably the US. The other countries have taken it in turns, sterling, the French franc, the Swiss franc and the DM. There are other lessons too, about the suddenness and force of international capital movements, and about the destabilising effect of hot money.

But there are topical themes that he touches on which, I feel, could have been more fully developed. The greatest is undoubtedly the emerging role of the yen which Mr Brown treats somewhat dismissively. He does not believe that the yen will fully replace the DM as the opposite end of the US pole because Japan is too isolated geographically. That is a hard case to defend in light of the simply massive yen flows we are now witnessing as the Japanese seek not merely to protect their capital but to find something useful to do with it.

The book might also have taken a fuller look at the impact of the Third World debt crisis on money movements, and the effect of political acts like the US freeze on Iranian assets. It is useful to have the past presented to us in the kind of detail Brown has assembled. But as a guide to the future — which it claims to be — the book would have benefited from closer consideration of the kinds of issues that are very much on the minds of people today who make decisions about which direction that money torrent takes.

David Lascelles

Collecting

Booked solid at the fairs

TOMORROW IS the first day of a bewildering week of book fairs in London. There are more this year than ever before. They vary considerably in size and in the quality and price of the books which will be on offer. On the whole the cheaper fairs come earlier in the week, but the Royal National, the Marlborough, and the small St Olave's are mixed.

By far the biggest is the London Book Fair at the Russell Hotel in Russell Square. The organisers, the Provincial Booksellers' Fairs Association, arrange a fair here every month and in other cities throughout the year. This month over 200 dealers will be offering some 80,000 volumes, and the selling space has been expanded on to a second floor of the hotel. If you are a visitor from abroad you can arrange here for your purchases from all the fairs to be professionally packed and despatched home. Last year two tons of books were exported, most of them unlikely ever to return.

The PBFA is helping the Friends of the Bodleian Library with its appeal to secure the famous Opie Collection of children's books. A small selection of the 20,000 items will be on exhibition. Book lovers owe a special debt to *Reading Made Quite Easy* by Tom Thumb, a Lover of Children first published in 1789 and one of the books which helped to raise the literacy level, and therefore the book production, of the whole country. Another primer, *Reading Made Most Easy*, reached a 300th edition.

The Antiquarian Booksellers' Association fair at the Park Lane Hotel, where the books are far more expensive, is to be opened this year by John Mortimer. As he confesses in the catalogue, when he was a schoolboy at Harrow he used to take refuge in a second band bookshop. It was there that he was first introduced to some of his favourite authors. Many of the happiest hours of his subsequent life have been spent in the same way.

There is no particular theme to this year's fair, but some dealers have put a particular emphasis on fine bindings. A Golden Cockerell Chaucer on vellum, a Cosway with miniatures of court beauties, a snake binding of Kipling. A Bodoni edition of *The Waste Lane* bound by Philip Smith of Castle Combe perfectly matches the contents to the cover. A German dealer is asking £260,000 for a nineteenth century French religious book bound in silver gilt metal studded with diamonds, pearls, rubies and amethysts and including a genuine mediaeval cameo. I am glad to hear that it is unique.

One of the most interesting items in the fair is scarcely a book at all. Joseph is offering for £18,000 a copy of *The Charge of the Light Brigade* inscribed by the author to a certain Major McCrea. The poem as first published in a newspaper began:

Half a league, half a league,
Half a league onward,
All in the Valley of Death
Rode the six hundred.
Into the Valley of Death
Rode the six hundred,
For up came an order which
Some one had blundered.

When Tennyson printed it in book form shortly afterwards he gave in to the prudential advice of timid friends and removed the reference to blundering. Following the first four lines the poem went straight into:

Charge was the captain's cry,
Theirs not to reason why,
Theirs not to make reply.
Theirs but to do or die . . .

There were other changes all for the worse. Shortly afterwards, however, he repented and arranged for a thousand copies of the blundered version to be run off and sent to the Crimea to be distributed to the troops. Folded in knapsacks, they did not survive long. Even fewer returned than had charged the guns at Sebastopol. Major McCrea is probably the officer of that name who served in the Fourth Dragoon Guards in the Heavy Brigade. Tennyson reports that a fatally wounded soldier returning from the charge remarked to his officer "Those damned heavies will never chaff us again."

I remember some years ago hearing on the radio a recording of Tennyson himself reciting his famous poem, in a slow deep voice. I hope some reader can tell me how I can hear it again.

At 5 Old Bond Street, W1, the antique dealers W. R. Harvey have arranged four of their rooms in the style of English libaries from 1700 to 1830, with bookcases, library steps, writing desks, and other furniture of the period. As an exhibition it is well worth a visit.

William St Clair

WHERE TO FIND THEM

June 20 21	Bonnington Hotel, Southampton Row, WC1	11-7 Sat 10-7 Sun
June 21 22 23	Royal National Hotel, Bedford Way, WC1	11-7 Sun 10-7 Mon-
June 22 23 24	London Book Fair, Hotel Russell, Russell Square, WC1	12-7 First day, then 10.30-7
June 22 23	Mayfair Intercontinental Hotel, Berekeley Street, W1	2-8 First day, then 10-8
June 22 23	Marlborough Crest Hotel, Bloomsbury Street, WC1	10-7
June 23	St Olave's Parish Hall, Mark Lane, EC3	10.30-6
June 23 24 25	Antiquarian Booksellers Assoc., Park Lane Hotel, Piccadilly, W1	11-8 First two days then 11-6

Janet Marsh on the importance of embroidery to our ancestors

A rich harvest from sewing

THERE IS no livelier evidence of the confidence, extravagance and exuberance of the Elizabethans and Jacobeans than their embroidery. Three centuries before, in the Middle Ages, English ecclesiastical embroidery — the so-called *opus anglicanum* — had been famous throughout Europe; but the wars and plagues of the 14th century had atrophied the native culture. The revival came only with the flourishing trade of the 16th century that established a prosperous new merchant class and, incidentally, brought cargoes of brilliant silks from the Levant.

The Elizabethans sought to introduce comfort and colour into their homes, and embroidery supplied both. In the richer homes, it seemed as if everything possible was decorated with needlework — curtains, cushions, bed-hangings, book-bindings, caskets, bags and purses, carpets and covers, looking-glass frames.

Embroidery figured even more importantly in personal adornment. The dress of the 17th-century gentleman or lady was assembled rather like suits of armour, with bodice, jacket, waistcoat, stomacher, sleeves, collars, coifs, kerchiefs and whatever else attached piece by piece; and every bit that could be so decorated was applied with silks and jewels and gold threads.

Even the small proportion of this needlework that has survived to the present day indicates that it represented an *enormous* industry. Mostly, it seems to have been domestic work, with the gentlewomen of great houses pressing their maidservants (and often their men, too) into service with the needle. The great collection at Hardwick Hall still bears witness to the fanatical industry of two noble needlewomen—the formidable Countess of Shrewsbury, Bess of Hardwick, and Mary, Queen of Scots, who spent a large part of her captivity in England in Bess's care. There is evidence that even the grooms and pages at Hardwick were made to fill their idle hours at the embroidery frame.

Alongside the aristrocratic amateurs, there might well have been a flourishing professional industry. The Broderers Company, which had fallen into abeyance, was refounded in 1561 and was probably responsible for much of the embroidery made for the royal court and for public functions —including the exquisite crowns made for the masters of the London guilds.

Professionals often were used to draw out on the canvas the basic patterns to be embroidered. The sources of these were various. The Elizabethan period saw a proliferation of instructive illustrated books, and the woodcuts from bestiaries, botanical and heraldic works were a major source of inspiration to the embroiderers. The new domesticity of the Elizabethans resulted in a taste for gardening and flowers in naturalistic forms and colourings figure prominently.

The essential aesthetic principle for the Elizabethan embroiderer seemed to be to fill every bit of space and to use as many colours as possible. Originally, these embroideries must have appeared even more florid and exuberant than they do today; time clearly has softened the more brilliant hues. The inventory of Queen Elizabeth's wardrobe tells us some of the quaint names applied to favourite colours—Ladie-blushe, Peache-colour and Horse - fleshe - colour. Gold (actually silver-gilt) and silver threads were used in abundance.

The names of the stitches were as various and strange, and some of them—now-stitch, new-stitch and virgin's device—today defy identification. Techniques were passed on by means of the "sampler," which in that period really was a compendium of stitches and motifs rather than the exercise for young seamstresses that it became.

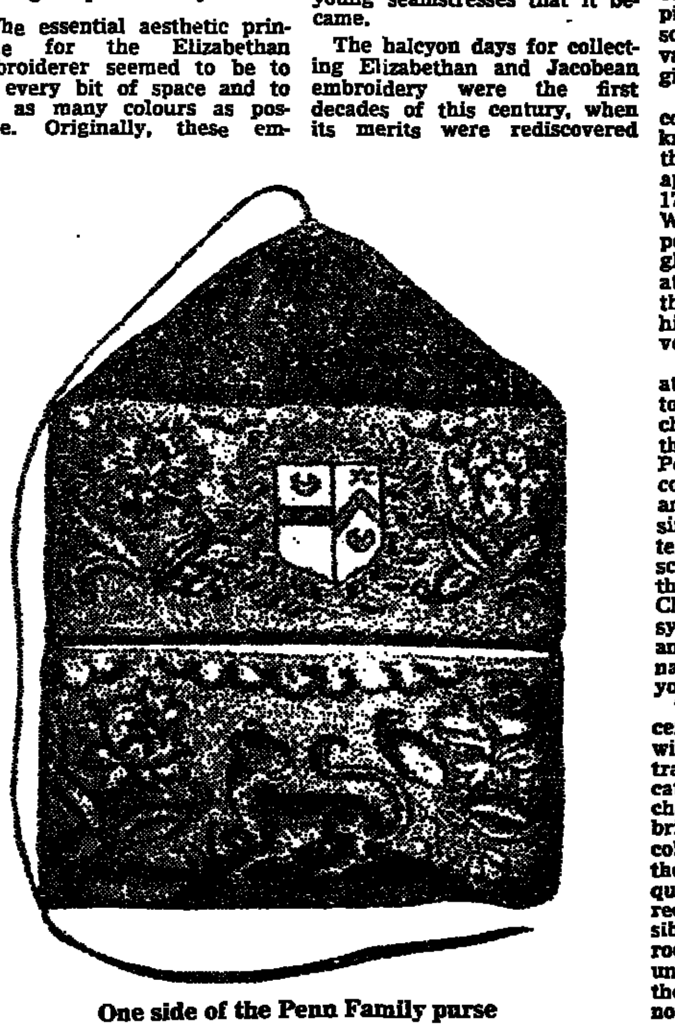
The halcyon days for collecting Elizabethan and Jacobean embroidery were the first decades of this century, when its merits were rediscovered and many fine examples were brought out of hiding in the great houses where they had lain. The advertisement pages of Edwardian issues of *The Connoisseur* regularly offered for sale superb examples such as exist today only in museums.

One of the old collections—actually begun in 1907—has, however, somehow survived intact in private hands to this day: although it is finally to be dispersed in London on Monday by Christie's South Kensington. It provides an extremely rare opportunity for collectors—if they are rich enough—to acquire English needlework of the highest quality, even including two fragments of the Mediaeval *opus anglicanum*. The collection is especially rich in pictorial needlework, including some fine 17th-century bed valances with courtly and religious scenes.

The great treasure of the collection, which has long been known and often exhibited, is the Penn Family purse, apparently made in the mid-17th century for Admiral Sir Willam Penn, whose full-length portrait appears on it, with a globe beside him and a dog at his feet. The pockets on the inner side of the purse bear his arms and a picture of a very lively leopard.

Penn was Samuel Pepys' boss at the Navy Office, and appears to have been a less austere character than his Quaker son, the founder of Pennsylvania. Pepys said he was "a jovial companion, fond of his glass and telling a good story or singing a song, quite uninterested by any puritanical scruples." It is said that when the younger Penn thanked Charles II for naming Pennsylvania in his honour, the king answered disconcertingly: "I named it after the jolly fellow your father."

The portrait on the purse certainly shows Sir William with a twinkly grin. The illustrations in Christie's attractive catalogue cannot convey its charm, or the freshness and brilliance of the original colouring. No embroidery of the period of comparable quality has been sold in recent years, and it is impossible to guess what the saleroom price will be. In these unpredictable days, a sum in the region of £40-£50,000 would not be improbable.



One side of the Penn Family purse

Pass the cucumber, please

JUNE IS what we used to call "the season;" Chelsea Flower Show, Queen's Birthday parade, Wimbledon and three kinds of weather—rain, patches of golden sunshine and blank-faced, iron-grey cold, when the sodden flaps of marquees lift uneasily in the chilly wind.

It is also the time of English asparagus, salmon and strawberries; "all that's best in British food," we believe.

At this time of the year I used to prepare lunch for about 70 in a marquee at the Stella Artois tennis tournament at Queen's Club. June is firmly fixed in my mind with memories of vans full of asparagus and strawberries, jellied terrines leaking inauspiciously in warm tents; and the whole panoply of weeping mayonnaise and rapidly warming Pimm's.

I talk as if the refrigerator did not exist, but it was not invented for an English June. The more mobile cucumber is a sort of natural portable cold-bag. We fiddle bits of cucumber around the salmon—and all down its back, and round the paté, and into the sandwiches, as a way of cooling everything down.

Ahead lies high summer: July and August and the holiday. Food for those months is the cuisine of the warm south; fish soups and aubergine salads and red mullet grilled over vine cuttings, but not now.

Imagine serving that kind of food in England—in dripping June. Anyone who has spotted stuffed aubergines at a May ball (May balls take place in Cambridge in June—naturally) may claim to have witnessed the collapse of British civilisation as we know it.

All that stuff about the British coping with summer ("In Church Hall If Wet") is all based on June. The awful thing about it is that English summer food is designed for one golden, gifted moment; it looks not only ridiculous but deeply melancholy if the weather goes wrong.

Food for Thought

If the day is cold, as it usually is, then a dish of asparagus reminds us sadly of the day as it should have been. If the sun beats down, asparagus looks limp and beaten and sour — "This asparagus's not up to snuff" is the verdict.

In Southern France asparagus goes on for months, all through the baking summer. It is always good, although slightly different from ours. But perhaps we are lucky not to be Swedes, for whom there are only one or two days on which to eat their freshwater crayfish; consumption of the delicacy has become, as a result, a quasi-religious event.

If you like "all that's best in British cooking" and are thinking of serving a dinner of asparagus, salmon and strawberries, do bear in mind both from the kitchen and the dietary viewpoint, that what you need is a quart of hollandaise. I expect there are a thousand people making their own mayonnaise for each one who makes hollandaise, yet the principles are just the same: for oil read melted butter—and don't forget to keep it warm.

Peter Fort

Peter Knight examines the eruption of personal organisers

Binding commitments

BEST-SELLING "personal organisers," such as Filofaxes and Lefaxes, have done little to improve our organising ability. We note minutiae assiduously in our expensive Italian leather binders, yet we still forget to pay British Telecom on time, are late for lunch, and can never find the address of that little hotel in Barcelona.

Few of us, it seems, carry anything as simple as a pocket diary any more. Instead, we choose from about 20 different "systems" that promise to increase our efficiency in direct proportion to their price. And we defend our choice religiously, making it a 1980s axiom that there can be no better way to insult some one than to criticise their personal organiser.

Many shops, ranging from specialist-organising euphoria to the local stationery store, now stock organisers, of which there are three distinct types:

• **Loose-leaf binders.** These are small filing systems that hold specially printed sheets of paper, diaries, tube maps, credit card holders, expenses sheets, etc. Filofax is the market leader. Filofax owners are mostly young, have black as their favourite colour, hope to be upwardly mobile, and tend to be quite unashamedly exhibitionist about their binders.

Filofax's international success has encouraged imitators who produce what the trade calls "Filofax compatibles." The Financial Times sells its own compatible called FacT-master, which comprises a binder and a "data box" desk-top file. The databox contains 1,800 loose-leaves, including analysis sheets and travel information, which can be placed in the binder when needed. The box can also be used for storing notes. FacT-master costs from £86.25.

Time-management systems are a sub-group of the loose leaf binders. These, such as one from Integrated Personal Planning Systems (IPPS), are bigger than Filofaxes, quite expensive and, like combination-lock briefcases, favoured by young executives. The binders are usually sold as part of a time-management course which you can either attend or follow in a book or on cassette tape.

• **Hand-held computers.** Some computer makers believe we can be organised without the help of paper, relying instead on the microchip to aid our memory. Psion, a small British company, makes the best-known electronic organiser, called Organiser II. It is designed to computerise the card-index, diary and address book. All information is kept in an electronic form and notes are made by typing on a small keyboard.

Some digital wrist-watches include many of the hand-held computer's facilities, but are usually restricted by lack of memory and keyboard.

• **Hybrids.** Keeping organised by purely electronic means does not appeal to many, so some manufacturers have combined the power of the desk-top computer with the convenience of a pocket binder. These hybrid organisers, such as the Portex and PC Connection, are desk-top computer programs supplied with a binder. Diaries, addresses and notes can either be written down or typed into the computer and then printed on special loose leaves for filing in the binder.

We spoke to three people who have chosen different systems of personal organisation. None used the devices to their full capacity, but all were on time for their appointments. (But so was our photographer who, besides his camera, carried a vast file containing assorted scraps of paper, old magazines and half-eaten chocolate bars.)

Eureka!

PERSONAL ORGANISERS

Diary of an MP

THE ORGANISED: Jerry Wiggin, Conservative MP for Weston-super-Mare, Avon.

THE ORGANISER: Portex Portable Information Service. This comprises a loose leaf binder (6.5 in x 4.5 in x .75 in), special Portex paper and programs designed to run on IBM PCs and compatible computers.

The programs include: a word processor with spelling checker and "mail-merge," which enables form-letters to be "personalised"; a 200-year diary which automatically remembers standing dates such as birthdays and anniversaries; an address book that can be updated easily.

The Portex system is designed to be used by one person or a group, such as a sales force. The information is typed into the computer, stored on its disks and then printed on special paper. The sheets are then placed in the binder.

"My diary is constantly changing. Other people, my secretary at Westminster and my constituency office need to know what's in it. I used to use a pocket diary and my secretary would also type engagements on a sheet which lay on my desk. I had three address books — one personal, one business and one portable.

Now everything is on the computer. The old system worked well enough but this is slightly more efficient and does not entail any more work. Either I or my secretary update the diary and the address book on the computer. I usually print about six weeks of my diary and put the sheets in the binder. Any changes are written in and about every three weeks I print a clean set.

I like the system because I can keep a neat set of records. There's also something quite comforting about having all the information stored both in the computer and on paper.

I was rather sceptical of the system at first but now I've become quite enthusiastic about it. Portex have got a little refinement to do, for instance if there are too many engagements on a day the system will only print one day of appointments per page.

The cost is quite insignificant. There is a short learning period but it's quite user-friendly, in fact, any bloody fool can use it."

Jerry Wiggin . . . 'any fool can use it'

Write and wrong

THE ORGANISED. James Wheeler, trainee accountant at Peat Marwick McLintock

THE ORGANISER: Psion Organiser II. A hand-held computer designed to be used as an address book, diary, calculator and computer. The computer has many benefits over paper, such as quick retrieval of a telephone number from the electronic memory and a bleeping alarm to remind you of engagements.

The machine has drawbacks, the most obvious of which are the small screen, cramped calculator-style keyboard for typing in information, and the different way in which the machine forces you to work.

The Organiser can be connected to a desk-top computer and, using a special program, information can be "downloaded" from the large machine to the Psion.

"I've never really needed a diary because I could usually remember my appointments.

"Since I started using the Psion my memory has deteriorated, although I suppose I am slightly better organised. For instance, I used to have a lot of address books and now I only have one, stored in the Psion.

"I also use the Psion as a calculator when I'm visiting clients. The diary is effective and very good for remembering birthdays—you can program it 30 years ahead.

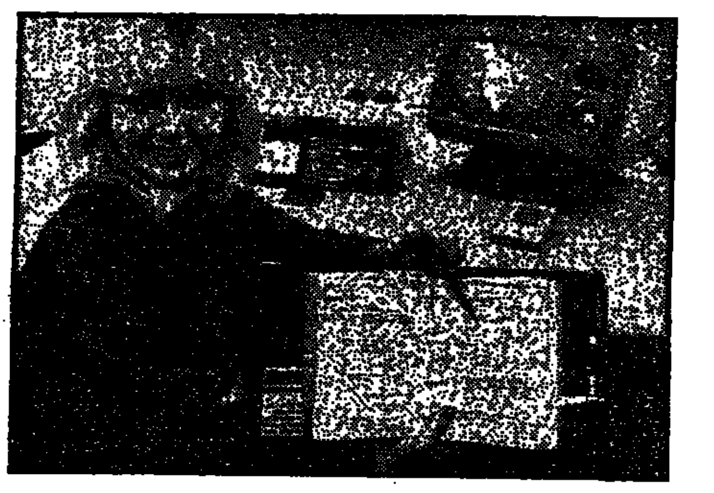
"Learning to use it simply as a diary and an address book is very easy, but programming it, say to work out mortgage rates, is rather more difficult.

"It took me about a weekend to type in all the addresses and telephone numbers. The keyboard is a bit small, but at first the novelty of using the machine means you don't mind typing in the names and addresses. I suppose I'd be less keen if I had to do it all over again.

"Typing addresses is light relief compared with trying to program it. When I first started with the Psion I used their hotline support services almost daily, and they were extremely helpful.

"Making a note on the Organiser while you are talking on the phone can be difficult because you invariably think you are better at typing than you realy are. I usually end up writing the diary note on a piece of paper and then type it in after I've finished the conversation."

James Wheeler . . . memory has deteriorated



Vari Fear . . . couldn't be without it

Time and motion

THE ORGANISED: Vari Fear, international sales manager, Oceonics Communications. She sells video-conferencing equipment and travels widely in Europe and the Middle East.

THE ORGANISER: Binder from Integrated Personal Planning Systems (IPPS). This is a large leather binder (8 inches x 10 inches) which is supplied with an array of printed sheets to organise all parts of your life. IPPS trains people in time management and the binder is sold as part of the course. The binder can also be bought separately and is supplied with instructions on a cassette tape and in a book.

"I got it as a Christmas prsent from Bob, by husband. He had given up his Filofax because he found the pages too small and ordered his through the mail. He didn't like the colour so I got it.

"At the time I needed something to keep my notes in so I started using it, but not in the way you're meant to. You're supposed to time yourself as you do various tasks and then keep a running note. I suppose that's OK for people based in an office, but I'm constantly moving around.

"I use the telephone section for scribbling notes and then get my secretary to make copies of all the important stuff. The expense forms are excellent because they're almost identical to those in the office.

"I have big handwriting and these A5 pages can accommodate it. I find I don't have to carry a briefcase any more, just the binder. I worry about losing it, but then I always have it with me so there's little chance of it going missing.

"This is probably not what I would have chosen but it's worked for me and I really could not be without it."

ADDRESSES

● Portex Portable Information System (£113.85). Showering business Systems, South Bank Technopark, 90 London Road, SE1 6LN. Tel 01-922 8821. Available by mail order and from dealers.

● Psion Organiser II (£99.50). Psion, Psion House, Harcourt Street, London W1H 1DT. Tel 01-723 9408. Available in electronics stores.

● IPPS binder (from £40.95-£109.95). IPPS, Cambridge House, Lenwades Business Park, Kennett, Suffolk CB8 7RN. Tel 0638 751566.

Peter Knight is editor of FinTech 2—Electronic Office.

Tips for those who don't want to be caught out on court

Everyone for tennis

Lucia van der Post

HOW TO SPEND IT

THE SKIES are full of thudding clouds, the strawberries are getting fat and the public courts are full of would-be Beckers — in other words it's June and the tennis season is hotting up.

Eager tennis fans play all the year round but now is the time when the fair-weather players come out, crowding the courts, brandishing their brand-new racquets and sparkling in their designer outfits. From the chainstores to the upmarket department stores the message is the same — no price seems too high for the eager player to pay.

Top of the spending list, of course, should be the racquet. If there is anybody still out there playing with an elderly model made of wood now really is the time to do as the professionals did years ago and change to composition. When it comes to your shots, the point of the game after all, some form of composition frame (and graphite is currently the hot favourite) will give you greater power, strength and flexibility and it will weigh less to boot.

This year at Wimbledon you will be hard put to spot a single player not using a graphite frame. Those with long memories may well remember that it was in the famous final against Connors in 1975 that Arthur Ashe swung the carbon-fibre Head racquet to fame and glory—from then on sales of composition frames have been on one endless boom.

This year even Jimmy Connors has forsaken his Wilson aluminium frame and turned to Slazenger's graphite Cynics may well say he would change for that kind of money wouldn't he? but the answer is no he woudn't. He has always maintained that feeling easy with his racquet was more important to him than anything else.

Once upon a time all racquets used to be the same size. Then along came Prince with its giant-faced version which made everybody think again. The advantage of the large face was that it also had a larger sweetspot (the point on the racquet which should hit the ball to give maximum power and accuracy) but many players also found that it felt a bit too large and clumsy. Enter the mid-size, produced by almost all the big manufacturers (including Prince) and which is now the most generally popular size of head. Professionals on the whole prefer it and so, probably, will you.

You can buy really quite good racquets for as little as £30 but all the experts agree that, on the whole, the more you pay the better the racquet you will get. The higher up the price range you go the stronger, sturdier and more resilient the racquet is likely to be—it will also (crucial for we sufferers from perennial incipient tennis elbow) be much better at absorbing shock.

This year Fin is marketing a new racquet which it claims is completely vibration free due to a rubber vibration-absorbing plug in the frame itself—it is so newly on the market that nobody seems ready to say it it really makes a marked difference or not. If you feel like giving it a try there are three versions, costing £69.99, £99.99 and £129.99 and you can find them at Harrods and Lillywhite.

If you've already got a spanking new racquet and you want to cut down the vibration there is a small device called a Vibrastop which consists of small round discs which are placed between strings in the racquet and which are said to absorb the vibration. £1.95 for four from Harrods, Olympic Way and good sports shops.

Yet another attempt to deal with the tennis elbow problem has been made by Pro Kennex with its Micro Comp racquet. Its weapon in the pain war is a mircostringing system which means that each head has far more, far thinner strings than is usual. The strings are strung at a low tension which gives (says the manufacturer) better grip, enables you to get more spin and the strings themselves absorb more of the shock. Once again it is a very new racquet so personal recommendations are as yet hard to come by — if you want to try it out it sells in Harrods and Lillywhites for about £90.

Anybody who has ever watched tennis on television will have observed players fiddling with the strings of their racquets — for most of us the movement of strings in the racquet is unlikely to be of any great consequence but if you want your strings to stay in place there is a device (just like the one Martina Navratilova was seen fiddling with in the final of the French open) called String Savers which cost just £2.50 and will stop the strings from slipping.

For most of us, however, the chief barrier to getting any better is not getting enough play. If you're the lucky owner of a court or have regular access to a court but don't have a handy practice partner there are now more and more sophisticated inanimate devices which will feed you the balls more accurately than any but the most skilled practice partners could do.

At Harrods there is the Tennis Partner which consists of a s turdy board marked out like a miniature court. The frame is made of tough PVC, the minimum area you need to be able to practise against it is 2 by 3.5 metres and it can be stored packed away in a carton. It looks like fun as well as a good way of being able to practise shot production. At £275 (p&p varies between £14.50 and £38.50) depending on distance) it is quite an expensive indulgence but for a really keen player could make a considerable difference.

For practising on court the Poppie, marketed by Sportsmark of Sportsmark House, Ealing Road, Brentford, Middlesex, seems one of the best of the relatively inexpensive systems around.

It consists of a smallish bright orange plastic dispenser which takes 26 balls which it then dispenses in five different ways—*this* enables the keen player to practice volleys, smashes, backhands or forehands. It needs an electric outlet which could be a handicap but for those with an electric socket at £145 (including delivery) it offers lots of chances for improving the game.

Sportsmark sells a whole range of practice machines and the higher up the price scale you go the greater the sophistication is on offer. Top of the range is Computerised—this clever little number holds 240 balls, every single one of which can be differently programmed. It can deliver topspin, backspin, fast, slow, high, low, backhands and forehands. You can set it in a groove so that you can practice 240 backhands down the line, then 240 cross-courts and so on. At £3,000 a time you'd need to be very rich, very ambitious or very talented but if you are any of these three it sounds ideal.

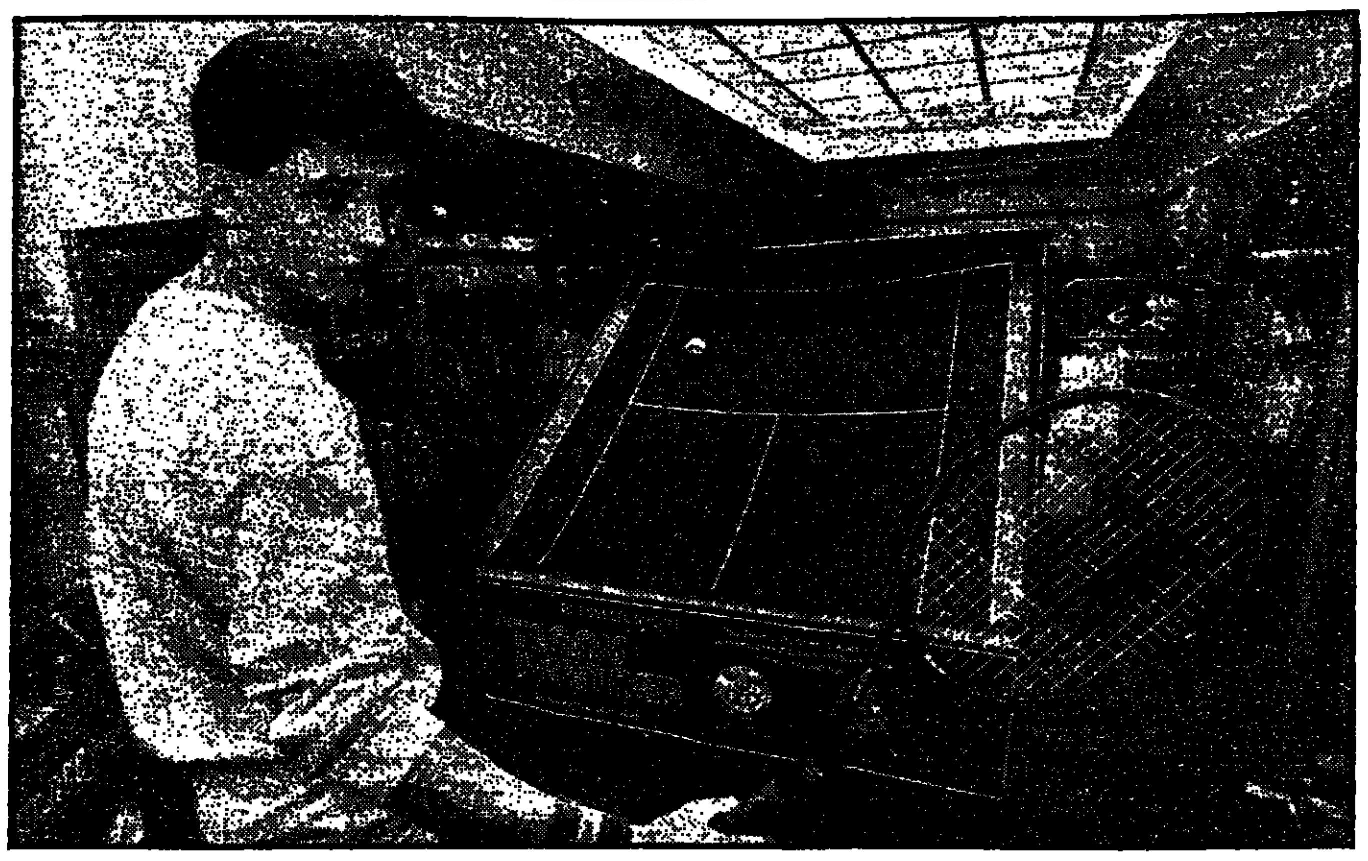
Finally, of course, there is what you wear. For some of us this is the only area we can hope to shine in so there is some point in taking a little care over the matter. The chain stores this year are offering their usual excellent value — over at Marks & Spencer, for instance, you can buy a complete outfit (everything from shoes to skirt and shirt) for as little as £42 (and ardent players may be even more impressed by their tennis balls which sell at £4.50 for four and are made according to LTA standards).

In so far as the tennis "look" changes from year to year this, I am reliably informed by Olympus Sport, is the year of the zappy, colty look. Cool is the way this year's tennis players want to look on court which means that names like Adidas and Lacoste are high on the popularity list.

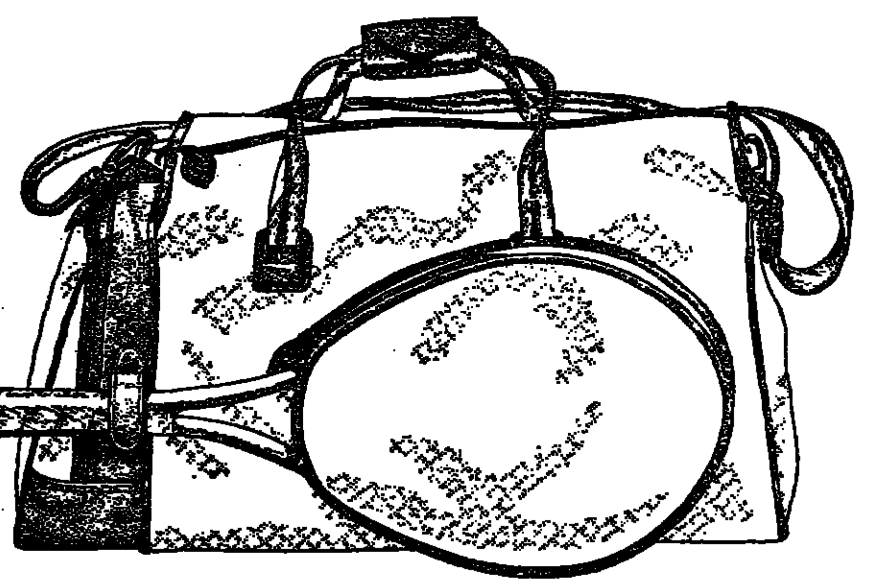
Reebok, whose footwear clad millions of energetic feet these days, have made the obvious move into clothing — most of the impact for this season is in menswear where their big, bold stripes are attracting a lot of attention.

At Harrods they tell me that all the big names are selling well (Head, Ellesse, Fila and the Italian Silvey Tricot are the hottest designer names) but for those who want something utterly new, utterly different they can offer what a spokesman called the "Dynasty" look on the tennis court—One Love is the name of the brand and it features tracksuits with padded shoulders, tops bedecked with gold heart-shaped sequins and borders. It may set you back £100 an outfit but at least you'll be noticed.

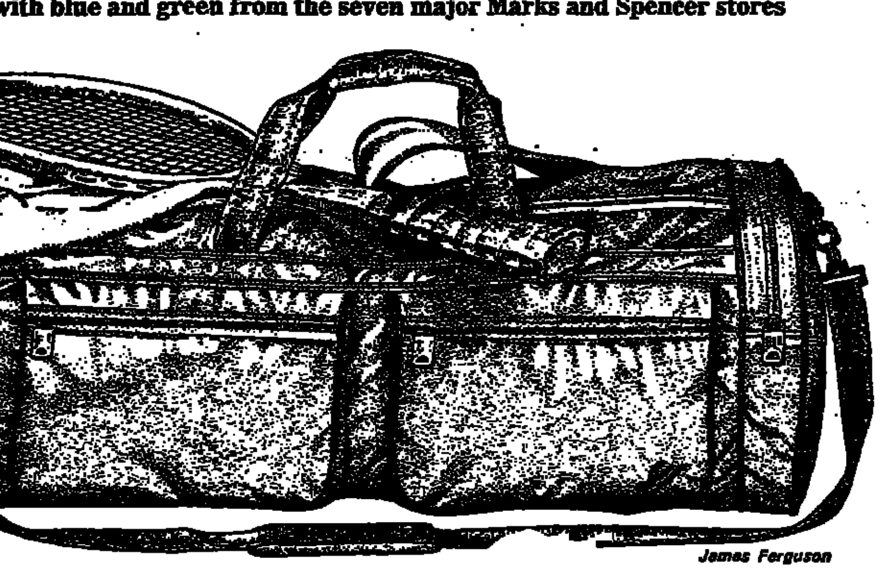
NEXT WEEK: From New York to Tokyo, a game of tennis is fast becoming a crucial part of the corporate and social scene. But where are the places to play, how do you get in, and how much does it cost in the capital cities of the world? Our foreign correspondents serve up the facts and figures.



The Tennis Partner . . . polish your strokes without the need for a court



For carrying the essential gear: above, posh designer Gucci bag. In pure white waterproofed canvas trimmed with leather, there is a compartment for the balls and a holder for the racquet as well as the main holdall. £255 from Gucci of 27 Old Bond Street, London W1X 3AA. Below, fewer compartments but far fewer pounds—for just £19.99, a waterproof silvery-grey holder trimmed with blue and green from the seven major Marks and Spencer stores



James Ferguson

Sportsmark's Poppie . . . one way to practise without a partner

ABOVE: Some of the best value around is in Marks & Spencer's new sports ranges. SHE is kitted-out for just £24.99 (T-shirt £10.99, skirt £13.99). HIS clothes cost even less —£19.99 (cotton top £10.99, polycotton shorts £8.99). The racquets are £19.99 (aluminium) and £45 (graphite).

Cookery

Variations on a tired theme

FOODS SUCH as spring lamb, salmon, asparagus and scarlet berries are the pride of Britain. We greet their appearance each year with greedy excitement. But within a few weeks we may become blasé and sated — or, rather, suffer from a surfeit of them cooked and served in the same old predictable ways.

Why does it always have to be cold poached salmon with mayonnaise, or grilled salmon steaks with Hollandaise? And why are the same set-piece menus trotted out over and over again throughout the summer social season?

Salmon seems doomed to be sandwiched between asparagus and strawberries. Crown roast invariably is served after quails' eggs and before profiteroles. The ingredients may be magnificent, the cooking may be perfect, but too many repetitions dull the palate.

The cook sometimes needs to consider a new slant if diners are to rejoice at her table. Just one subtle alteration of emphasis, the introduction of a minor but imaginative variation on the theme, the use of a new ingredient, or a fresh presentation idea may be all that is needed to breathe new life into her repertoire.

Restaurants are great places for gleaning up-to-the-minute tips, stimulating creative ideas of our own, suggesting combinations of ingredients that might not have occurred to us before, and introducing presentation tricks worth copying.

Food-shops (top supermarkets included) are another valuable source of inspiration, giving us access to new ingredients almost weekly.

Last, but not least, it makes sense to look over your shoulder occasionally as half-forgotten favourites from the past may be due for revival. Old recipes often will benefit from the fillip of fresh interpretation but sometimes they can be resuscitated verbatim, so to speak. The context in which they are served might be enough to give them fresh panache.

At Glyndebourne recently, amid a sea of salmon, my hostess treated us to radish *au beurre*, plain and perfectly fresh dressed crab, and kirsch ice cream. Relatively modest offerings, with nothing new and original, but they added up to a refreshingly unexpected menu that delighted all who shared it.

Another recent rediscovery was courgettes *à la grècque*, an hors d'oeuvre I hadn't seen, tasted or even thought-about for 15 years. It will be back on my menus this summer, probably served alongside another old favourite, haricot vert salad, but this will appear in a new guise, dressed with a ribbon of *crème fraîche* flavoured lightly with cumin and coriander seeds, and scattered lavishly with well-toasted almonds.

To make up a trio, I might introduce a splash of vivid colour with a salad of carrot and orange, flavoured with the unmistakable zing of fresh ginger and mint.

For a simpler and strikingly 1987 preface to dinner, you might prefer a chilled carrot and coriander soup. Simmer grated carrots with a few sprigs of coriander in light stock or water until meltingly tender. Cool, then whizz to a fine purée. Thin with equal quantities of iced water and buttermilk.

Add extra fresh chopped coriander and serve well chilled with a few pot marigold petals floated across the surface. The sweetness of the carrots and the slightly sour, lemony taste of the coriander combine refreshingly well. On a very hot day, when appetites are faint, a soup like this is all I want for lunch. Then, I add chopped hard-boiled egg to the garnish for extra nutrition, and accompany the soup with thin triangles of rye or granary bread spread with cream cheese, not butter, and sprinkled with coarsely chopped walnuts.

Gravadlax, ceviche and Japanese raw fish dishes have become so popular and so commonplace during the past few years that a good old-fashioned seafood salad seems relatively novel today.

Chicken salad, on the other hand, needs updating. Introduce a new note by dressing tender succulent poached breasts with lime juice. Slice them thinly and serve with crisply grilled snippets of bacon, toasted pumpkin seeds, wafers of crisp raw Florentine fennel, ribbons of spinach and slices of avocado pear for a lively contrast o textures and tastes.

The Victorians liked to serve hard-boiled eggs embedded in nests of jelly in scooped out tomato shells. This is good if the eggs are cooked for about seven minutes only so they are barely hard-boiled, and the better the aspic the better the dish, of course.

For a pretty lunch dish sit the eggs in tomatoes on a bed of shredded lettuce with some asparagus spears, a few peas, sliced cucumber and chopped mint. Serve with good bread and a bowl of mayonnaise flavoured with a little purée of the scooped out tomato hotted up with a shake each of Tabasco and Worcestershire sauce.

Rounds of French bread brushed with olive oil and grilled with goats' cheese on top, or spread with black olive pâtè, make excellent appetizers, served at good dinner parties as well as in restaurants today. But so far as I know, the notion of serving both sorts of *bonne bouche* in a salad at a ladies' luncheon party dish is not yet prevalent. I recommend it, particularly on a day that is not as summery as it ought to be, as the flavours have a welcome sunny quality about them.

Use colourful leaves for the salad, such as raddicchio, Red Lollo and red oak leaf lettuce, and add purslane, nasturtium flowers and pungent salad rocket for a glorious finishing touch. The irony is that we tend to think of these ingredients as very modern. In fact purslane, nasturtium and rocket were prized in English kitchens for centuries.

MOUSSELINES OF SALMON WITH WARM WATERCRESS SAUCE
(serves 6)

This is my salmon recipe of the moment, an elegant first course of a genre that is fashionable in restaurants but not too often encountered on the dinner party circuit. The reason, I think, is that it looks and tastes complex. In fact it has the virtues of being both easy and very practical for entertaining since most of the preparations can be done ahead.

Fresh raw salmon weighing precisely ½ lb after skin and bone have been removed; ¼ pt double cream; 2 large egg whites; 1 medium-small onion; 1 large bunch of watercress; ½ oz butter; ½ pt stock; sea salt and freshly ground black pepper.

Pat the fish dry with kitchen paper. Cut into chunks and put into a food processor. Add a spoonful of the cream and reduce to a purée. Stop the machine and push the fish down onto the blades as often as is necessary to achieve perfectly smooth results. Season generously with salt and pepper and blend in the rest of the cream.

Scrape the mixture into a shallow bowl and work in the raw, unwhisked egg whites with a fork, adding just a little at a time. When fully absorbed, divide the mixture between six lightly-greased 3 fl oz size cocotte dishes. Use a teaspoon to spread the mixture gently and evenly—push it right into the corners of the dishes, and make the tops slightly concave.

Chill, uncovered, for several hours or overnight if more convenient.

Cover each dish with a foil lid for cooking, and bake in a hot water bath at 325 F (160 C), gas mark 3, for 20 minutes until creamily set.

Unmould the mousselines on to individual hot plates for serving. Garnish each one with a sprig of watercress, surround with a moat of warm watercress sauce and serve quickly.

NO 16—8/8½

To make the sauce, first chop the onion finely and sweat it in the butter for 10 minutes or more until meltingly tender.

Process the watercress to reduce it to green flecks. Add the watercress to the saucepan and "wash out" the processor bowl with the stock. Add the stock to the pan and simmer for about 1 minute only, just long enough to soften the water cress but not to spoil its colour.

Strain off about one-third of the liquid and reserve it. Tip the remaining contents of the pan into the food processor and whizz. Add the reserved liquid and whizz again to make a very fine purée.

Reheat the sauce gently just before serving, and season to taste.

Philippa Davenport

Anne Morrow

Jane Abdy looks at an amiable survivor of world war one

Man of Mells

LETTERS OF CONRAD RUSSELL: 1897-1947
edited by Georgiana Blakiston. John Murray. £16.95, 278 pages

SOME BOOKS recently published give the impression that a world came to an end in 1918; that a whole generation of golden lads went to dust. Life is not quite so; though much was taken, much abides, and to me the chief interest of this volume of letters is that it tells the story of those who survived the war, particularly the family and friends of Raymond Asquith, and it provides a sequel, albeit subdued, to the legends of those Edwardian heroes.

Conrad Russell was born in 1878; he was the son of Lord Arthur Russell (brother of the ninth Duke of Bedford) and his French-born wife. His letters have been selected, introduced, and admirably edited by Georgiana Blakiston, who is Conrad Russell's niece. Most of the letters in this book are addressed to Katharine Asquith, Lady Diana Cooper, and Russell's two sisters. They are the writings of a wise and kind man, quilted in benevolence. In no way can they be compared with the passionate and ironic letters of Raymond Asquith, or the brilliant feux d'artifices of Maurice Baring. Russell led a quiet life, the life of a spectator. His mind was thoughtful rather than imaginative, and his humour amusing more than witty.

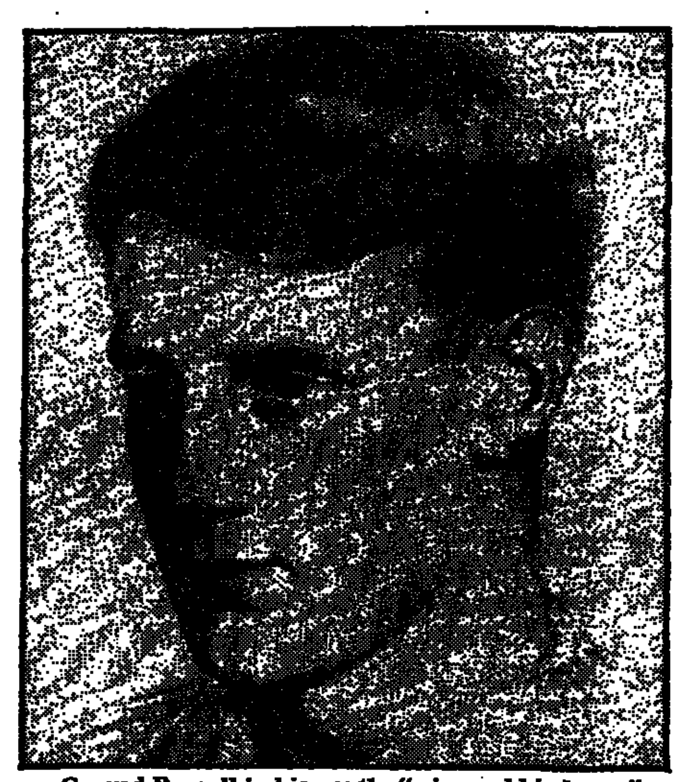
Russell was at Balliol, where he became a great friend of Raymond Asquith, and encountered Maurice Baring, John Buchan, and Belloc. He fought unscathed in the Great War, and after an unlikely spell as a stockbroker, he decided to farm. In 1927 Katharine Asquith offered him the home farm at beautiful Mells Manor; Mells was the house of her mother, the redoubtable Lady Horner, an original Soul, once much loved and portrayed by Burne-Jones. Here he lived until his death in 1947; Mells and the Asquiths were the centre of his life.

Mrs Blakiston says that Russell proposed to Katharine Asquith a year after her husband's death, and was refused. I wish she had told us more. I suspect, as she hints, that his suit was phrased in the form of a question expecting the answer "no," and was the duty of a dear friend rather than the hope of a man in love. He was very devoted to Mrs Asquith, and most of the letters in the first half of the book are written to her. Many discuss her conversion to Catholicism, and Russell's incomprehension of the Catholic faith. He is concerned about her low spirits; "You weren't looking very bobbish." She asked him to be guardian to her elder daughter Helen, and here Russell comes into his own as the ideal cosy honorary uncle; when she was an undergraduate at Oxford he urged her to run up debts in the cause of pretty hats and high-heeled shoes, and offered to top up her allowance.

At Mells he grew prize-winning mangels, and made cream and cheeses of which he was very proud. There is a rhythm in these pastoral letters, with their descriptions of the seasons, like a medieval book of hours. In the evening he read Shakespeare and the odes of Horace. Yet his days were not idyllic, and he felt he has missed much that life has to offer.

To Katharine Asquith he prescribes his own philosophy:

> The best plan is to expect nothing, absolutely nothing from life, and especially no sort of worldly success of any kind or description, not even in playing the piano or breeding cows or anything. About this one must be ruthless with oneself. Having got oneself to that stage I think one begins to find out that there are things that give one comfort and even pleasure: friends, reading, philosophy and Shakespeare, and being in the country in the spring. But all the same, if roses come your way, gather them. They don't come yours and mine.



Conrad Russell in his youth: "wise and kind man"

However, roses bloomed when he was in his fifties. He loved the company of Pretty Young Ladies, and though as a young man he was too shy to attract them, he could be a merry escort in middle age. Many lively moments were provided by his friendship with the vivacious and good-hearted Lady Weymouth, who delighted him by wearing a headscarf printed all over with the words "Please don't kiss me, please please don't."

But the happiest day of his life was when he re-met Lady Diana Cooper (two of his brothers had been her past admirers) in 1933. Idalian Aphrodite beautiful stepped into his life as a goddess, and illuminated it. "The last five years have been the happiest of my life, and it is you, sweet darling, who has made them so." He loved her dearly, and spent his small profits from the stockmarket in buying her jewellery; "clinch the amethyst clip, and tell Cartier to send me the bill"; jewellery to which he had told Raymond Asquith he had "a rooted objection."

Their friendship was a mutual delight. Those who have read Lady Diana's memoirs will know her selection of Russell's most entertaining letters. It would have been good if both sides of the correspondence could have been included; The Spectator printed some of the answers and replies, and the correspondence was much enlivened. Both writers were haphazard spellers, though the editor has tidied up (perhaps too much) their orthographic eccentricities.

At Mells, and at Longleat, there was much socialising, and some good anecdotes. Can we believe, as Russell narrates:

1—The Duchess of Portland brought her own sheets when invited to stay at Windsor Castle by Queen Mary.

2—Maurice Baring used to dance naked on the table after dinner.

3—Lady Londonderry did not know Lady Desborough's christian name.

4—Raymond Asquith had never heard of Napoleon III?

Anthony Curtis on an ephemeral movement that left a mark on history

Dawn never broke

YOUNG ENGLAND
by Richard Faber. Faber & Faber £15.00, 276 pages

IN HIS biography of Disraeli Robert Blake writes:

> The history of Young England has all the charm and nostalgia which attend tales of forlorn hopes and lost causes, like the Jacobitism they themselves worshipped, like The Fourth Party which, forty years on, modelled itself upon them.

And he adds:

> Neither Young England nor the Fourth Party achieved anything significant, but their memory will always beckon to those incurable romantics for whom political life is *something more than a humdrum profession*

I would not, on the evidence of this book, describe Richard Faber as an incurable romantic; on the contrary, his enthusiasms are tempered by a cool judgment that is the very opposite of the romantic. He is that all *too rare person, an historian of* ideas and ideals, just as at home in political conflicts as he is in literature and art

Faber's latest book poses two questions, what exactly was Young England, and — was it worth writing a whole book about? The second is much *easier to anwer than the first* — yes, by the end Faber succeeds in persuading the reader that Young England left a permanent mark. It may be seen in the belief that strength for the future can be generated by a *conscious* effort to imitate the virtues of the past. The modern Tory's lip-service to Victorian values is but the most recent manifestation.

The Young England Movement flourished briefly in the 1840s when it found a champion in Disraeli, the novelist-politician, who had not yet tasted any political power. At this period he wrote his trilogy of political novels, Coningsby, Sybil and Tancred, between 1844 and 1847. They stand as Young England's literary memorial, containing pen-portraits of the chief participants.

These young men were all scions of noble families who eventually succeeded to the titles, namely George Smythe (later Lord Strangford) the model for Coningsby, Lord John Manners (later Duke of Rutland) Lord Henry Sidney in the novel, and Alexander Baillie Cochrane (later Lord Lamington and Dizzy's Buckhurst).

They had been together at Eton and Cambridge where they had been prominent speakers in the Union, and were the inspiration of the movement. They became MPs at the same time and Disraeli, much in sympathy with their *idealism, played along with* them while he was launching his attacks on Peel, the then Prime Minister, and leader of the Tories. After Dizzy had become the leader himself, he did not drop the young Englanders flat by any means, but he had more immediate and urgent concerns. He and they drifted apart and as an active political force Young England petered out.

While it lasted it stood for a revival of the spirit of mediaeval chivalry and for a new sense of a whole society unified at all levels (as in their idealised view was the middle ages) working to improve the lot of its least fortunate members at the bottom. Their approach was paternalist but their insights were keen and their concern genuine. Along with heroic notions of knights-in-armour, and support for Don Carlos the Pretender to the Spanish throne they were involved with real issues like Ireland, the Corn Laws, the exploitation of adolescent labour, and responsible for certain initiatives at a practical level to get holidays for working-people onto the statute book and places set aside where they could enjoy recreation such as playing cricket.

Faber presents the trio both individually and as a group. They emerge as well-meaning young men but with a certain depth of character and *accomplishment. In addition to* political life they wrote articles, poetry, novels, pamphlets and innumerable letters; the exhumation of their literary remains adds a dimension to the portrait. A vacation together in the Lake District brought them under the spell of a great great uncle of the author's Frederick *William Faber, the most* eloquent cleric of the period apart from Newman, whom he followed to Rome where he became Father Faber.

Frederick William Faber, later Father Faber

When his career becomes intertwined with theirs the picture widens to include a perspective on Tractarianism and the Oxford Movement. The Victorian period was immensely complicated in its cross-currents of thought and outlook: it is a book such as this, modest in scope but clear-headed, eclectic and thorough in execution, that helps one better to understand its *fascinating complexity.*

Poet power

SELECTED POEMS
by John Ashbery. Paladin Books. £4.95, 356 pages

MEMORY GARDENS
by Robert Creeley. Marion Boyars. £5.95, 88 pages

THE COLLECTED POEMS OF ROBERT CREELEY
Marion Boyars. £9.95, 671 pages

WHITE SHROUD: POEMS 1980-1985
by Allen Ginsberg. Viking. £10.95, 89 pages

WHAT NOW do we find when we look back from the vantage-point of the 1980s at les fauves of the 1950s? Let us take Ginsberg first for he was the grand-master of the iconoclasts. We find that his style remains virtually unchanged even though he has considerably changed his appearance, tamed his wild looks, abbreviated his beard and donned a business suit and tie. For a time, especially in Mind Breaths which appeared exactly 10 years ago, it seemed that Ginsberg was growing in poetic stature. 'Mugging,' for example, struck a sympathetic and highly successful note. But in White Shroud, particularly with poems like 'Things I Don't Know' ('Who Killed Roque Dalton? What's the size of US national Debt?'), we seem to be back in the world of the 1960s.

Particularly unattractive are the explicit sex poems which strike a note very different from the earlier ferocious, triumphant 'Please, Master'. Even in the best poem—that which gives the book its title—we find him mulling over the Naomi situation, which he took care of more than adequately in Kaddish. Helen Vendler's comparison of Ginsberg with Blake and Whitman which is printed in black type on the imported American dust cover rings, in the circumstances, a little hollow—particularly when it comes from an Eminent Professor who could not find room for Robert Creeley in her recent Faber Book of American Poetry.

In any such "ranking" Creeley must have a place, along with Ginsberg, Lowell, Berryman, Ashbery, Plath, etc., if only for the uniqueness of his style—his capturing not exactly of "the American voice box," as the late John Ciardi put it, but certainly of his own voice box. In the Collected volume, covering 30 years of poetry, we find such treasured and familiar poems "I Know a Man," "The Operation," "The Whip," "The Rain" and "Something." But most of these were printed in For Love which appeared in 1962, and the last was in Words, published in 1967.

What about the calibre of Creeley's production since then? Memory Gardens is heartening for the note is still there, the ring of truth, the simple declarativeness of the diction—particularly in such poems as "The Doctor" and "Too Late." It's a very personal world that Creeley takes us into. The subject-matter is at least as autobiographical as Ginsberg's but metamorphosed in such a way that we can accept it as part of our own experience. If Ginsberg seems—temporarily one hopes—to have slipped back, Creeley has maintained his standard.

And so has Ashbery, who grows in stature with each *reading. In the days when* Robert Lowell — spurred by Ginsberg's example — was thinking of making a break from the convoluted style of "The Quaker Graveyard at Nantucket" to the freedom of Life Studies he made a comparison between poetry which is "cooked" and poetry which is "raw." Wallace Stevens's verse was cooked — and so was Lowell's before "Memories of West Street and Lepke." Ashbery's is very definitely cooked, the titles of the poems reminiscent of Stevens or Marianne Moore ("And Ut Pictura Poesis is her Name," "What is Poetry").

Yet at the same time he has absorbed the language of the market-place into his patrician style. His poems are artefacts: engaging, impenetrable, mysterious, sophisticated — as good an illustration as one can find anywhere of Archibald MacLeish's dictum that "A poem must not mean but be." And yet Ashbery's poems are not émaux et camées; they exist very much in the real world. *Like* Creeley and Ginsberg, he is uniquely American. In each case, in each voice the lines are eminently speakable, conversational, deceptively casual, reminding us of Tocqueville's prediction about American literature 150 years ago: "It is not then to the written but to *the spoken language that attention* must be paid if we would detect the modification which the idiom of an aristocratic people may undergo when it becomes the language of a democracy."

Geoffrey Moore

Fiction

Ratty stuff

THE RAT
by Günter Grass. Translated from the German by Ralph from German by Ralph Manheim. Secker and Warburg. £12.95. 358 pages.

DIGGING
by Lucy Gadogan. Chatto and Windus. £10.95. 254 pages.

ZENO WAS HERE
by Jan Mark. Cape. £10.95. 283 pages.

PEARLS
by Celia Brayfield. Chatto and Windus. £10.95. 570 pages.

Cadogan and Grass: deep excavations

NOW that Böll is dead, Günter Grass is the only indisputably major German novelist of the post-Nazi era. Even The Flounder, which was bound to, and was meant to, annoy certain superficial readers, settled many more questions than it raised.

An outline of The Rat demonstrates its making use of an almost intolerable irony. As always, Grass reaches back into the past to make rich use of authors (and traditions) — Grimmelshausen in particular —who are today certainly not fashionable, and in most cases neither known nor read.

Here we have a view of the world from the point of view of, not a snail, but a caged female rat. This rat draws on all kinds of lore, including some invented by the German novelist Günter Grass. The inevitable conclusion is that humanity is to be supplanted by its natural successor, the rat.

The satire here is of course on the manner of our consumerism, our stupidy, our greed. It is a lively work, and contains some gorgeous passages. But in the Grass canon it is but minor: its language is for the most part uninspired, and the presentation is often scrappy. The author is beginning to repeat himself: there is nothing here that we have not had before, and better said. He has every right to do a tired book, excellent by almost anyone's standards except his own, and those who love him will love him just as much as they did before. But let us not mistake it for the real thing. The translation is impeccable from the point of view of communicating Grass's meaning, but may irritate some British readers by its Americanisms.

Digging is a fluent first novel in a series of them that Chatto and Windus are publishing. It sets the drama of a rootless young woman against the background of an archeological dig in Crete during the reign of the notorious "Colonels," who did not then seem as comic as they may now. I made a visit to Crete in that era, and spent time on archeological sites: so far as accuracy of detail is concerned, I am instantly transported. The novel is an often subtle study in sexual and other relationships, pleasantly observed, low-key, and unpretentious. It is an altogether promising début.

Zeno Was Here is a comedy that begins well but then rather tails off — not so much, though, as to spoil enjoyment. The end is more serious and dramatic than the beginning, and in some way the halves are not quite effectively dovetailed. I should have liked the author to have had more confidence in her seriousness than she apparently does have. As it is, the tragedy at the end of the book does not quite possess the poignant weight it genuinely deserves.

John McEvoy appears on television only once, but that is sufficient for a former lover to send him a zany autobiography, Acid Test, by a mentally unstable woman, which contains a nasty portrait of his earlier self. All this has to be kept from John's wife, who is pathologically jealous. He can only confide to a novelist friend — also a woman. So this is a rather friendly, but discerning, portrait of a man who feels himself beset by women. There is much satire on various of the crazier psuedo-literary manifestations of our time, and the last snook cocked at the hapless protagonist has a sting that I am not sure all male readers will enjoy. I recommend this as a very intelligent and sharp, but not quite united, novel.

"At last glitterature has come of age." So says the *publicity for Pearls.* "Unlike others of the genre" (so they know there is a genre, do they?), this one "you will not easily forget."

I shan't. In the first paragraph occurs the sentence: "But her bronze-brown eyes seemed to know much more than they saw; they hinted at the ancestry of the Bourton family, rich Italians grafted to the British aristocracy by Queen Elizabeth I to dissuade them from bankrolling the Spanish Armada." And so it goes on, a series of middle-schoolgirl clichés as relentless as it is painfully pretentious: a *roll-call of fashion* about as imaginative and informed as a seed-list, a catalogue of dreary and mechanical sexual exchanges as true and real as scented plastic flowers.

Martin Seymour-Smith

A. L. Rowse on an early Chancellor

Don's vision

ROBERT GROSSETESTE: THE GROWTH OF AN ENGLISH MIND IN MEDIEVAL EUROPE
by R. W. Southern. Oxford £30.00. 337 pages

WHEN Roy Jenkins is installed as Oxford's Chancellor this month will he recall the first, and one of the greatest men, ever to hold that office?

It is hardly likely for Jenkins is a modern man and Grosseteste, 700 and more years ago, was very much a medieval Englishman. The office of Chancellor was created in 1214, just the year before Magna Carta.

Grosseteste has always been a venerable name, but we hardly knew for what. Now we know, from Sir Richard Southern's beautiful work of scholarship. He makes us proud to become acquainted with this very original Englishman, for all that he was so remote—who and what he was, what he thought and wrote, what he did and why he made such an impression then and later.

We knew that Grosseteste exemplified the English interest in science, that he was a precursor of proper scientific method, observation of facts. He preferred the visible and the concrete, to system-building on dubious assumptions carried by abstract deduction to the preposterous structures of scholastic philosophy.

> He was [Sir Richard writes] interested in the geometrical shapes of the shadows cast by the earth and the moon, the evidence they provided for the texture and spherical shape of the moon and the behaviour of light.

Grosseteste concluded thus early that the earth was round. He observed and wrote on comets, eclipses, stars, the origin of sound and thunder, the mystery of the Nile's flooding, which baffled everybody; on light, on geometry. He learned Greek which hardly anyone in the country knew, and set himself and other scholars to translate what was newly discovered in Aristotle.

What is so original and characteristically English, is that, instead of going on and on with useless abstractions, when he had got along as far as he could with a problem, he left it open for later thinkers and ages.

Was his originality due to the fact that he came, exceptionally, from very humble parents and so did not share the conventional outlook of everybody above him? A very grand earl—earls were very grand indeed in those days—asked why Grosseteste, with his beginnings, had such courteous manners. I like the Earl of Clare's aristocratic insolence!

Actually Grosseteste's personality was a controversial one. People could not understand him, or why a man who was so kind, forbearing and generous in private was so uncompromising and rigorous in action. As Bishop of Lincoln he was in ecclesiastical control of one-fifth of the country—by far the largest diocese reaching down to Oxford and the Thames.

Having the highest standards himself, he expected too much of human nature in trying to impose them in action. An idealist he was led on to attack the corruptions of the Papacy, and in the end got himself cashiered. This was not very aristocratic of him—an aristo*crat would have compromised* and come to terms with the world and the flesh, if not the Devil. But it made him a hero to the Lollards—Wyclif was much influenced by his work—a pointer to the subsequent Reformation.

Grosseteste was rather a saint, certainly a genius.

Terry Kirk

Mayhew: Labour to Liberal

One-time rebel

TIME TO EXPLAIN: AN AUTOBIOGRAPHY
by Christopher Mayhew. Hutchison, £12.95. 226 pages

CHRISTOPHER (now Lord) Mayhew was always a bit of a prig. He says so himself; or more or less. His brother, Pat, went even further and wrote of him in the Oxford magazine, Isis: "'But I have no sin.' Such was the first serious remark ever made by Christopher, and it gives a very fair indication of his early life, for he was a perfectly normal example of a rather horrible child."

He thought of himself, too, as a bit of a rebel. At Haileybury he rebelled against the public school regime, though still became head boy. At Oxford he was a socialist, without realising until later that he was being manipulated by the communists.

As a Labour Parliamentary candidate for South Norfolk before the war, he was advised that he ought to join the army because otherwise none of the local Tories would vote for him. So he went along and enlisted with the first regiment he came across without seeking a commission. Afterwards he changed that as well and allowed the influence that flowed naturally from his background to place him in a more elevated, and more comfortable, staff position.

As a post-war MP he was a junior minister to Ernest Bevin at the Foreign Office and, much later, Navy Minister in Harold Wilson's first government, a post which he resigned in 1966 because of the run-down of the carrier fleet by Denis Healey.

The conversion back to the ideals under which he was supposed to have been brought up continued. In 1974 he left the Labour Party and joined the Liberals, much to the astonishment of Jeremy Thorpe, the then leader, and the young chief whip, David Steel. Roy Jenkins remarked to him on the way: "Don't go yet. Wait for the rest of us."

One of the biggest battles Mayhew ever fought was against the introduction of commercial television. He still thinks he was right. Since the breaking of the BBC's monopoly, he writes: "Britain's viewers have fed *increasingly* on violence, sex, crime and soap, interspersed with commercials extolling the virtues of Mammon."

In other words, he emerges as a naive, arrogant, opinionated man, convinced that he knows what is best for other people. Still, he has partially made up for it by writing a thoroughly *engaging autobiography,* particularly if you overlook the stuff about his experiment with mescalin being the most interesting experience in his life. That was in the 1950s — before the drug scene caught on. Mayhew got everything wrong: even the fashion.

Malcolm Rutherford

Bouverie Street blues

A SHOULDER TO LAUGH ON
by Basil Boothroyd. Robson *Books. £12.95, 208 pages*

TO MY surprise, I find I made the pages of Punch five years ahead of Basil Boothroyd, but from 1938 onwards we were fellow-travellers on the path that seemed so vital to both of us, as indeed in some magic way it seems to all its regular writers. Basil, if I may be so familiar, is the most adhesive of current Punch contributors, having survived six editors, none of them above discarding an old steady if they felt like it. Malcolm Muggeridge checked Alan Herbert in the middle of a series (it had only reached part 14). William Davis disposed of H. F. Ellis, whom most of us reckoned the archetype of recent contributors, as well as the nicest. Basil never changed his style or his choice of subjects, yet he pleased every editor from E. V. Knox to Alan Coren. He also pleased the Duke of Edinburgh enough for the Duke to choose him as his biographer.

This autobiography is like an extended Boothroyd Punch piece, with its fascinating attention to what others might find trivial ("Richard Mallett affected subfusc suits, whose trouser waistbands came so high up the chest that you wondered where he found short enough braces.") Basil reckoned his days on the Punch *staff* as friendly as we all did, and more profitable than some of us, for he had a knack of writing pieces that could later be made into books. Once he had so much on his plate that he handed me a publisher's contract, complete with his draft ideas, for my own use, which I realised on a fortnight's holiday in *Ronald* Searle's Sussex cottage.

When, in a Punch cricket-match, I had to give the editor out, caught behind, at 99, he calls it heroism, not (as others did) professional jealousy.

Basil began his professional life as a choirboy in Lincoln Cathedral. Like P. G. Wodehouse (and he has stolen one of my Wodehouse stories) he worked in a bank. He played *in dance-bands and composed an* operetta. He does not tell about the settings of Housman's poems that he sent to the poet for approval, and were reurned with only a complaint about getting the punctuation wrong.

Prince Philip chose him as biographer after a profile in Punch. His account of working on the book is full of fascinating detail, but the Boothroyd touch with trivia remains. Tea with the Queen begins with a comment on the size of the teapot, progresses to Princess Anne's dismay at the lack of kipper pâté. But the business of working on the *book* with Prince Philip, the courtiers and staff ever as helpful and friendly as HRH himself, is very interesting, enlivened with more verbatim talk than I would have thought permitted. There are lots of photographs.

B. A. Young

CRIME

THE MARSHAL AND THE MURDERER
by Magdalen Nabb. Collins £8.95. 196 pages

MAGDALEN NABB'S Marshal Guarnaccia has been called a Florentine Maigret, but he is far more human and fallible than Simenon's hero (and the Sicilian Signora G. and her pasta are more appetizing than Madame Maigret and her endless blanquettes de veau).

In this latest adventure, the Marshal and the Murderer he starts out tracing a disappeared Swiss girl, whose death then opens a horrible Pandora's box of rancours and past crimes in an outlying suburb. The smooth pace of the narrative is broken, towards the end, by a long, verbose parenthesis, told by an ancient village physician. But the author's usual keen observation of the Tuscan character (and of Tuscanized foreigners') carries the reader past any shoals of plot.

William Weaver

• ARTS •

Michael Coveney sees Israel's dilemmas mirrored in its drama

A healthy form of narcissism

TWENTY YEARS after the Six Day War, Israel still battles with its own conscience over the military-administered occupation of the West Bank and Gaza Strip. Time and a volatile coalition government have succeeded only in dividing the country right down the middle on the subject of geographical demarcation lines. This deepening crisis of national identity and political morality is reflected everywhere in Israel, no more so than in the theatre.

Every Israeli citizen goes to the theatre 1.4 times a year. This statistic means that he or she is the world's keenest theatregoer and also the most discerning—second time out, leave just before the interval.

The Israel Festival, coming to a close this weekend in Jerusalem, has played to an overall capacity attendance of 82 per cent. The Haifa Municipal Theatre has 35,000 annual subscribers in a town of just over 200,000. The Habimah National Theatre in Tel Aviv, 60 years old (it started in Russia) and all set for its trip to the Eastern bloc this autumn, is prospering in three auditoria and completing a transition from Expressionist origins to contemporary classical identity.

That is not all. An esteemed author will sell 40,000 hardback copies of his latest novel, a well known poet 10,000 of his latest verse. As ideology declines with the split in the kibbutzim and the rejection of Marxism, so the modern Israeli turns to the arts and literature for his spiritual sustenance. This impression was corroborated by the novelist A. B. Yehoshua last week over lunch in Caesaria; a small group of British theatre critics was trying hard to ignore the sun and the sea and soak up the cultural atmosphere.

The struggle was tough but fruitful. The Israeli theatre is not yet worn out with the bitterness of failing reputations or worn down with the burden of a responsiblity to the classics. Habimah apart, there is no-one with whom to compare yourself unfavourably.

And there is plenty to talk about. There is even censorship to combat. The Cameri in Tel Aviv, leading counterweight to the Habimah and founded simultaneously with the State, has caused an uproar with a satirical revue, *The Last Secular Jew*. The censor at the Ministry of the Interior banned it, the theatre fought back, won the day (except for one scene) and changed the law. The author changed his synagogue. The author's mother changed her name.

"We like scandals, they are good for our theatre," beamed the Cameri's director Ilan Ronen, insofar as this pleasant, sallow little man beams at all. The cabaret is a travelling search for the last secular Jew remaining after the next war, a symbol of the holocaust and a scapegoat for the nation. Three scenes are particularly inflammatory: a female moral purifier interrogates a prostitute, the first revealed as a lesbian in drag, the second an undercover agent flushing out lesbians; a display Arab ("Tourists are coming, I must make pitta") is a personality refuge for the last kibbutznik; and a Friday night dinner routine is grotesquely guyed with slovenly table manners and heretical re-lighting of candles.

The Cameri actors—don't miss them at Edinburgh this year—set about their task with relish; the little Tsavta auditorium was a burning crucible of purgative laughter with the odd angry murmur of dissent. Equally "hot," though less incendiary, was a new play on the main Cameri stage by Motti Lerner, *The Pangs of the Messiah*. This charted theoretical debate and commercial resistance in the settlements. Denoument is provoked by an attack on the Jerusalem mosques by a religious fantaic angered at the prospect of a peace agreement involving the return of occupied territory.

The play could not have been more topical, though it might have been better. Motti Lerner is kowtowing to the audience's *expectation of having* something to talk about all night without pandering to its ability to be aesthetically discerning. The construction is clumsy, the overall mood that of a bland domestic comedy with a couple of sharp edges.

But, to be fair, you could have heard a pin drop when the news of the explosion came through (just such an attempt by a lunatic zealot of the Gush-Emunim religious movement was thwarted in 1980), or when the wife of a young American Zionist questioned his right to be *sitting on this land at all*, packed her suitcase, and left.

Psychological damage was inflicted on a young settler in *Pangs* who wanted to take the offer of compensation and found his home destroyed. He blows out his brains. The poignancy of wasted youth is a theme, too, of O'Casey's *Juno and the Paycock* which the Gate Theatre of Dublin, also en route to the Edinburgh Festival, brought to the Gerard Behar centre as part of the Israel Festival. Talk of dying for the ashes of fathers and the temples *of gods found a reciprocal echo*, as did Captain Boyle's remark about priests being ever present in the van of Ireland's fight for freedom.

Mourning and rites of burial may differ, but there is much similarity in the temperament and the problems of the Irish and Israelis. Even a severe *throat infection could not disguise* the great powerful lassitude of Donal McCann's Captain, and the audience was won the moment Pauline Delany's bereaved mother entered to receive the commiserations of a family harbouring an imminent victim of its own.

Back in Tel Aviv, the Habimah's current Uncle Vanya is a valiant attempt to shake off the past tradition by placing the action in a permanently leaf-strewn outdoors. I noted the European ambitions of Hanan Snir's production but *secretly cheered when some of* the old habits got the better of the actors. Nissim Azikri's Vanya was a thunderstruck, flower-clutching clown at the sight of Astrov (the excellent Yossi Polack) kissing his young wife. Farce and emotion were strongly intertwined, probably at the expense of the play's *main obsession, that of finding* a vocation.

Still, there are distinct signs here of a national theatre on the move. Good omens for the future, too, in Shulamit Lapid's Abandoned Property in a small Cameri space. Zaharirah Charifai, a sort of younger, more crumpled, version of Dandy Nichols, plays a mother resisting change on an underdeveloped settlement in the north. Two daughters connive to unearth her from her memories, one reading Maupassant, the other packing boxes. This *is a moving and powerful play* that gives emotional depth to an everyday occurrence, pins down and illuminates a nation's sense of its own destiny and evolution. It is also quite funny.

Yehuda Mor and Ronit Porat in "The Pangs of the Messiah" at the Cameri Theatre, Tel Aviv

And just to show that the outside world exerts influence on native drama, final year students at one of the two leading theatre schools have produced an erotic dance scenario patently inspired by Pina Bausch and loosely based on the life and work of Martin Buber, a linguistic philosopher who dealt in communication breakdowns long before the days of the telephone. *The Day Martin Buber Was Buried* is a stunning ballet for five couples and three soloists devised and directed by Nava Zuckerman whose Tmu-Nah company I much admired on the Edinburgh fringe last year.

These talented and versatile young actors, some of them already launched on film careers, will move into the Tel Aviv companies or one of the several other major subsidised houses in the country. Each of these companies is also subsidised to travel and play on kibbutzim and in community centres.

The Haifa Theatre, with its resident playwright, Yehoshua Sobol (his remarkable play about the Vilna khetto is part of our own National Theatre's future plans), triggered the modern movement in Israeli theatre 20 years ago, just as the country extended the green line and created all its new problems.

The theatre has thrived in this difficult time, just as the Irish theatre is enjoying a renaissance as the troubles thicken or at least remain unresolved. The only division in Israel that is *totally illusory is the division* between art and life. Even *Les Miserables*, which joins the Cameri repertoire for 60 performances on July 25, has, I am assured, a direct bearing on the story of the 400,000 protestors who *took* to the streets of Tel Aviv *a few years back*, thereby hastening the conclusion of the Lebanon offensive.

I do not think this is far-fetched. Israelis live their lives on a quicker pitch than ours, and they have the very good sense to insist on seeing their reflection in the pool of art. This is the healthiest form of narcissism I have encountered in a long while.

Design

German restraint

IN THATCHERITE Britain design is seen merely as a cynical tool for making money. In altogether more solid West Germany it is regarded more intelligently, as a visible expression of industrial quality and contemporary social values. While "anything goes" in de-industrialised Britain, no matter how gaudy and superficial it may be, modern German design is still characterised by a concern for usefulness, appropriateness and quality of life which was first promulgated in the early 1900s.

Such is the controversial thesis underpinning *Images of Quality*, an exhibition of German industrial design which opened this week at London's Science Museum as part of the Festival of German Arts.

The exhibition is redolent with examples of that restrained, sub-Bauhaus design style which well-heeled consumers all over the world have come to associate with famous German names such as Braun appliances, Erco lighting, Gaggenau kitchens, Wilkhahn furniture, and cars from the stable of Mercedes-Benz (which sponsored the festival—the exhibition itself was funded by Schroders).

The organiser, John Heskett, a leading design historian, admits that not every German company has an exemplary approach to design—cheap decoration and folksy kitsch are widespread in the Federal Republic. But none of this is in evidence at the exhibition.

The closest it comes to conceding that even German design might be growing tainted at the edges with the garish brush of "post-Modernism" is in a photograph of a Rosenthal tea-set, in which conventional German restraint is replaced with the gaudy use of yellow, dark blue and red. Paradoxically, the pattern bears the title "Bauhaus Hommage."

As a result the exhibition has an air of suspension in time. Though many of the displayed products reflect the major advances in technology and ergonomics which have been made over the past decade — such as a Bosch studio camera, an AEG mobile radio, and an Olympia electronic typewriter — their appearance is reminiscent of German design circa 1977, or even 1967.

This is both a drawback and a virtue. As Heskett argues in his notes on the exhibition, German products tend to be long-lasting, both in themselves and also in terms of their success in the market-place. Their quality, durability, simplicity and classical lines allow them to survive the test of time whatever the prevailing fashion or style.

Yet in cultural terms, they imply a conservatism and rigidity which belies the social shifts which have occurred in West Germany over the past 20 years; young Germans, especially, are just as fashion-conscious as their counterparts in Italy or Japan, which is why Italian clothes and furniture, and Japanese electronics and cars, are so appealing to them. In sticking to hallowed design conventions, high-minded German manufacturers risk becoming elitist — as well as missing a commercial trick.

Their dilemma was epitomised at the opening of the exhibition by an uncompromising speech from Dieter Rams, the legendary head of design at Braun. Defending German traditions of functionary design against the "anything goes" school of post-Modernism, Rams asserted his old dogma that "visual pollution is just as detrimental as physical pollution," and that "good design is simple design."

Rams seemed to bend part of the way towards his many international critics by conceding that the term "function" should not be restricted to a product's primary purpose: chairs are not just devices for sitting on, but also fulfil various psychological functions, he admitted.

Allied with his assertion that designs must be durable ("there is no justification any more for short-life products"), Rams was effectively reasserting the old Bauhaus principle of "form follows function," or at least its electronic-age equivalent of "utility should determine form."

This design philosophy certainly embraces slow-changing psychological factors such as notions of utility, intelligibility and reassurance. But it leaves little scope for the satisfaction of emotions whose expression tends to change over time, such as fun and excitement. Which is why German design, as represented at the exhibition, comes over as worthy but staid.

The exhibition runs until October 18.

Christopher Lorenz

David Vaughan reports on the radio show which has swept the US

Goodbye to Lake Wobegon

"A PRAIRIE Home Companion" is the name of a unique radio show— unique partly because it was a radio show, in this television age. It first went on the air in July 1974, over Minnesota Public Radio; since the spring of 1980 it has been distributed nationally in the US by American Public Radio.

The show was the creation of Garrison Keillor, a native Minnesotan, and its format that of an old-style radio variety show, including comedy skits and music of various kinds, jazz and folk, country and gospel, rock-and-roll, old popular songs, even operetta and classical music. But the most important part was Keillor's own monologue, in which he gave his audience the News from Lake Wobegon, an imaginary small town in Minnesota, "the little town that time forgot, that the decades cannot improve."

This was always introduced with the phrase, "Well, it's been a quiet week in Lake Wobegon, my home town," and concluded with the sentence, "That's the news from Lake Wobegon, where all the women are strong, all the men are good-looking, and all the children are above average." The stories Keillor told were sometimes hilarious, sometimes poignant, but always gave a picture of small-town life that was affectionate, unpatronising and richly imagined. (In 1985 he published *Lake Wobegon Days*, a chronicle of the town and its inhabitants, its history and topography. The book was a best-seller for over a year.)

The show as a whole was "sponsored" by various Lake Wobegon *businesses, such as* Bertha's Kitty Boutique ("for persons who care about cats"), the Fearmonger's Shoppe ("catering to all your phobia needs"), and Ralph's Pretty Good Grocery ("if you can't find it at Ralph's, you can probably get along without it").

I write about the show in the past tense because on Valentine's Day this year Keillor struck consternation into the hearts of his listeners by announcing, without preamble, that at the end of the current season (on June 13 1987) the show would come to an end. The reason for his decision, he said, was that "It simply is time to go." In the autumn of 1985 Keillor had married a Danish woman—his meeting and falling in love with her, and their marriage, were all reported on the show—and now he wanted to go and live quietly with her in Copenhagen, and write.

It is difficult to convey the show's appeal to anyone who has never heard it. Since August 1985 it has been heard in Australia, but it was never picked up by the BBC. When *Lake Wobegon Days* was published in Britain, Radio 4 broadcast Keillor's own reading of it as "A Book at Bedtime," and the show's first television airing, in 1986, was shown by the BBC. In the US, the weekly two-hour programme has been heard on Saturday evenings by over 3m people. Some of these may have been casual listeners, but for the most part the audience has been devoted to the point of fanaticism. At least for the rest of the summer, maybe longer, tapes of past shows will be played on Saturday evenings, which will help devotees to overcome their withdrawal symptoms.

The show was certainly nostalgic, harking back as it did to a time and place where life was simpler. But in Keillor's long, leisurely monologues sentiment was tempered by a certain sophistication. And they were serious, too — the *characters whose lives he depicted so lovingly* confronted loss and separation, sickness and death.

Keillor is both a poet and, one senses, a deeply religious man. The secret of the show, perhaps, was that it celebrated traditional American values like virtue, probity and grace, values conspicuously absent from public life and religion (at least as practised on television) today. Keillor's America is the America of certain films of D. W. Griffith *(True Heart Susie)* and John Ford, of Winslow Homer and Eastman Johnson, of Willa Cather and *The Spoon River Anthology* and Thornton Wilder's *Our Town*, of Mark Twain and Will Rogers.

The last show was a memorable occasion. The mood was quietly valedictory rather than elegiac or maudlin—Keillor himself was careful to lighten the tone whenever possible. Not all the regular performers took part, but there were several who had been on the first show in 1974, and other favourites like the veteran Grand Old Opry guitarist Chet Atkins, the humourist Roy Blount Jr, the Scottish folk-singer Jean Redpath, Tom Keith, the show's brilliant sound-effects man, and the Glee Club from the Kamehameha High School in Hawaii.

The monologue didn't try to tie up loose ends—didn't even mention all the most familiar characters—but told of a day *of soft rain in Lake Wobegon* when many of its denizens ended up eating lunch at the Chatterbox Cafe ("where Dorothy presides, the place to go that's just like home"), where Keillor left them, fixed like faces in a fading snapshot.

The reluctance of everyone audience and performers alike, to end the show was such that it ran over by nearly half an hour ("they can't do anything to us," Keillor said) on the air, and another 15 minutes after that in the World Theatre. When the audience emerged into Exchange Street, the block between Cedar and Wabasha Streets was closed off, and George Latimer, the mayor of St Paul, was there with some other local performers to greet them and to give the signal for the release of 10,000 balloons in the Lake Wobegon colours, blue, green, and yellow, into the hot, still evening air of Minnesota.

Kepler's time

Radio

ROBERT FORREST'S *Kepler* (Radio 3, Friday) was an oddly sentimental play about the immortal astronomer, stressing his family problems more than his *scientific achievement*. We meet him in Ratisbon in his old age, ready for death, and explore his life through flashback, with the aid of his father's ghost, who reminds him of the maxim, "What's yours is what you grab." He had not grabbed much. He was an unpopular schoolboy and student, and the teacher Moestlin, who believed in him, is addressed but given no part in the play. One day he realises the true nature of planetary motion by looking at a triangle he has drawn on the blackboard for his own students.

Only with the instruments in Tycho Brahe's castle can he complete his work, so there he goes, posing as a refugee from religious troubles. On Tycho's death, he succeeds him as the Emperor Rudolf's Imperial Mathematician, but is seldom paid. In his native land, his mother is tried as a witch by the aptly-named Parson Hitzler, and he with her. They are acquitted. He speaks his astronomical creed at the end of the play and dies, to the accompaniment of a howling dog. It was a colourful melodrama, but might as well have been about any of Kepler's contemporaries. Russel Hunter was Kepler, as good as usual, and Patrick Rayner was the director.

Blow Suck, Radio 4's Saturday Feature, was another programme that, in a different way, did not quite hit its target. The subject was the harmonica or mouth-organ, and the presenter, Nick Barker, *who has a disc-jockey manner*, dealt with it only at its popular level. He brought in Larry Adler's performance of the Rhapsody in Blue with George Gershwin at the piano, allowed Tommy Reilly a wisp of Bach and Chopin's Minute Waltz, but said nothing of Vaughan Williams's concerto.

Perhaps we shall have Larry Adler in the Rhapsody in Blue again, for Alistair Cooke is giving five talks about Gershwin on Wednesdays on Radio 4, repeated on Sundays. The biographical part so far is fairly familiar, but the old recordings of unfamiliar music are fascinating. Alastair Cooke also gave his 2,000th Letter from America on Friday, and tomorrow his fans, of whom I am one, may telephone him at 12.10 pm as if he were a participant in It's Your World, which in fact came to an end with Pik Botha last Sunday.

And so did Michael Charlton's admirable series about the Falklands, The Little Platoon. I said when this began that it might cause some red faces, and I hope it did; but Mr Charlton was always courteous and objective. It was not he but Sir Nicholas Henderson who recalled the phrase "a hotbed of cold feet" for the Foreign Office. Radio 3 does this kind of series very well. I hope the new Controller will keep them going at suitable intervals.

B. A. Young

Records

Four conductors face Forza

Verdi: La forza del destino

1) Rosalind Plowright, José Carreras, Renato Bruson, Paata Burchuladze, Juan Pons, Agnes Baltsa, etc./Ambrosian Opera Chorus, Philharmonia / Giuseppe Sinopoli. DG 419 203-2 (three compact discs).
2) Mirella Freni, Placido Domingo, Giorgio Zancanaro, Paul Plishka, Sesto Bruscantini, Dolora Zajic, etc./La Scala chorus and orch./Riccardo Muti. EMI CDS 7 47485 8 (three compact discs).
3) Leontyne Price, Placido Domingo, Sherrill Milnes, Ronaldo Giaiotti, Gabriel Bacquier, Fiorenza Cossotto, etc./John Alldis Choir, LSO/James Levine. RCA RD 81864(3) (three compact discs).
4) Maria Callas, Richard Tucker, Carlo Tagliabue, Nicola Rossi-Lemeni, Renato Capecchi, Elena Nicolai, etc./La Scala chorus and orch./Tullio Serafin. EMI CDS 7 47581 8 (three compact discs).

Also available on black discs and cassettes.

Virgil Thomson once dismissively retitled it "Hard Luck." Toye called it "an opera unequal in merit and, from the technical point of view, inferior to several of its (Verdian) predecessors." The rating of *La forza del destino* is generally a good deal higher these days. Its foreground-and-background contrasts—of aristocrats fated to repeat their most painful errors against vast popular tableaux of war and peace—make a powerful appeal to modern Theatre of the Absurd *tastes. And evidently also to* record companies: this is one of the more frequently recorded of Verdi operas, and after an interval of a decade two new versions have been issued, and two older ones reissued on CD, to make the choice as rich and problematical as ever. (A pity no-one has considered tackling the less familiar and considerably different first version of the work.)

All the same, Toye's point about unevenness does still hold true. Even in the commonly performed 1869 revision, the episodic structure and uncomfortable succession of events (some, like the tenor-baritone duets, too close together) place a heavy burden on a Verdi conductor's ability to hold a performance together, to keep it moving dramatically forward. In a work where vocal requirements are so exorbitantly high, it may be thought rash to insist that the conductor must be the first consideration; but the decisive superiority of the two La Scala sets can largely be accounted for that way—and this in spite of cast weaknesses and sound limitations (the 1954 *Serafin-Callas* in good remastered mono, the new Muti strangely boxy and dull).

Muti's Forza, the first recording venture with his new *home house (I shall call it* EMI II), is his finest opera set so far. All the usual Muti virtues of linear clarity, rhythmic definition, energy and instrumental finesse are in evidence —and, of course, the sound of his Italian orchestra, chorus and small-part players is inimitable — but *at last he is* learning to allow the larger Verdi picture to emerge. The substitution of hard driving for the accumulation of genuine dramatic tensions is gone, or greatly reduced — while some passages strike me as too fast, the performance as a whole has a connectedness that is very gradually sustained (the shapes of Acts 1 and 2 are kept intensely taut).

What Muti misses—perhaps it's an art now lost forever—is the knack of a Serafin (EMI 1) of never seeming to interpose his own personality into the performance. The Scala orchestra and chorus were less well groomed in the mid-1950s than they are now, but the spacious zestfulness of their inn and battle-camp scenes has not been recaptured. In comparison, the 1976 London forces of Levine (RCA) are capable but anonymous; the conductor's all-round competence is not to be scorned, but there is something blandly streamlined about it. And on the new DG Sinopoli makes a poor showing in this company; his speeds—ridiculously low ("Pace, pace"), ludicrously fast (the start of the Act 3 camp scene), or incomprehensibly variable — seem designed to incommode his performers, not to make the best of their skills. *In his hands* La forza del destino simply falls apart.

Generalisations about singers are hard to come by, except that no cast is ideal, EMI I the least so; and that all four Father Superior basses are disappointing, that of Burchuladze (DG), coarse and ill-tuned, the most so in view of his tremendous vocal gifts. The scale of Verdi's vocal writing is not easily compassed. Of the leading sopranos Price (RCA), who should have done so most naturally, is plainly beyond her best, while in the case of the dark-voiced, very musical Plowright (DG) technical weaknesses intrude where, under another conductor, they might have been more surely concealed.

Freni (EMI II) is a Nannetta, not a Leonora. Even on records her lack of amplitude, of room to manoeuvre, goes against her, but how direct and touching she is, how committed! Yet in the end only Callas has the full measure of music and drama: even where she strains to realise her aims, the stature of the part is never in doubt. After the alarmingly intelligent critique of her faults offered by Rupert Christiansen in the June number of Opera, it's a relief to be able to reaffirm her *supremacy—not just in scenes* of incomparably urgent declamation, but in the limpid, portamento-shaped legato lines of the monastery scene.

On this exalted level we find the second (EMI II) Alvaro of Domingo. In the 10 years since for RCA he produced a handsome dignified account of Verdi's most complicated and interesting tenor role, he has developed hugely in his perception of its neurotic bitterness (one would almost prefer the word pathological, if all Alvaro's worst fears were not always realised!). The aria is agonised but not crudely emotional developed hugely in his perception—compare the absurdly lachrymose Richard Tucker (EMI I); the sulphurous mood-changes are realised through words and notes. And, though Domingo may not be the most heroic-voiced Verdi tenor in history, he too commands the scale of the writing—compare DG's Carreras, painfully overtaxed in places, sympathetic in a juvenile-lead fashion.

When singing opposite Domingo, Zancanaro (EMI II), with his firm, bitingly Italianate articulation, is no less vivid; otherwise, in varying degrees, all the baritones are somewhat faceless (that of EMI I, Tagliabue, was a fine singer long past his prime). Three of the four Melitones — Capecchi (EMI I), Bacquier (RCA), Bruscantini (EMI II) — are splendidly original comic portrayals. Of the Preziosillas I like best Agnes Baltsa (DG) — but no mezzo, it seems, is capable of singing the music, with its flourishes, trills, and darts high above the stave, exactly as written.

Recommendations: a difficult business! If I had to have only one set of Forza, Muti's it would have to be; but I'd hate to be deprived of Serafin and Callas. The highs and lows of EMI I are wide apart (and the small textual cuts—the largest being the baritone-bass duet of Act 4—are irritating). But they and Domingo must be reckoned the most noble Verdians in this Forza survey.

Max Loppert

CHESS SOLUTION

Chess No. 676

1 Q-Q4. If 1 . . . P-R6; 2 K-B2 ch, R-N7 ch; 3 K-Q3, K-N8; 4 Q-N1 mate, or 1 . . . R-N7; 2 K-Q3, P-R6; 3 K-K3, K-N8; 4 Q-Q1 mate.

WEEKEND FT

SPORT

John Barrett describes Wimbledon's young thrusters, plus the likelihood of a Becker-Graf double for German tennis

Wimbledon—dawn of the German era

THE HOLDER and top seed, Boris Becker, and the new young French champion, Steffi Graf, seeded No 2, could make the 101st Wimbledon championships a celebration of German supremacy. Certainly they will both be tested over the next two weeks, but they have both proved that they can rise to a major occasion.

Becker's path to a projected quarter-final meeting with Jimmy Connors (7), whom he beat in the Queen's Club final, is a rocky one. Karel Novacek, his first round opponent, is a tall, strong Czech with a big serve and a strong forehand who is not afraid to win—as he showed in Washington last year where he won the tournament unseeded.

Peter Doohan, a rugged Australian who plays well on grass, is Becker's likely second opponent, and in Round 3 it might be Jim Grabb, one of several interesting new Americans who are beginning to make an impact. Grabb, from Stanford University, is a 6 ft 3 in serve-and-volley expert whom no one will take for granted.

Beyond lies Becker's travelling companion, Slovodan "Bobo" Zivojinovic, who was unlucky not to beat world champion Ivan Lendl in the semi-final last year. If Becker survives this difficult encounter, then either Connors or Tim Mayotte (10), another of his victims at Queen's Club, will assail him.

However, Connors has in his quarter two more of those young Americans—Todd Witsken, a 23-year-old who defeated him at the US Open last year, and Dan Goldie, 6 ft 2 in, whose bold attacking game impressed me immensely in Melbourne last January as he took Lendl to four sets in the fourth round.

The seedings predict as Becker's likely semi-final opponent either Sweden's Mats Wilander (4) or the powerful Frenchman Yannick Noah (6), but I fancy Pat Cash (11) will emerge there to prove the value of his Australian grass court upbringing.

In the lower half, Lendl (2) appears to have a quiet section before running into either Kevin Curren, Johan Kriek, Scott Davis or Vijay Amritraj in the fourth round. All four of those possible opponents have grounds for support — Curren's empathy with the Wimbledon environment where he beat Connors in 1983 and McEnroe and Connors again in 1985 to reach the final; Kriek's great natural volleying ability and his blistering speed; Davis's excellent performance here in 1984 when he extended Lendl to 7—5 in the fifth set, and Amritraj's many excellent matches at Wimbledon — notably his near-miss against Bjorn Borg in 1979.

There are several danger men threatening the seeds in the lower half. The 1985 semi-finalist, Anders Jarryd of Sweden, fully recovered now from two knee operations, will threaten Miloslav Mecir (5) and Bill Scanlon (US), a quarter-finalist in 1979, might upset his compatriot, the lightweight Brad Gilbert (12). Joakim Nystrom has the energetic Australian John Fitzgerald in his section, while Stefan Edberg (4) has the fast American Mel Purcell as well as the 26-year-old Indian Ramesh Krishnan — he of the silken touch — or the 23-year-old Californian Matt Anger who last year pressed Lendl to four sets in the last 16, to contend with.

Two bright young Europeans threaten Andres Gomez (8). First he plays Horst Skoff of Austria, an immensely impressive 18-year-old who is coached by Jan Kukal of Czechoslovakia. Then, either Sweden's Ulf Stenlund (another Borg clone) or Jonathan Canter of California, a former US junior champion, will face him.

Next for Gomez should be the 1986 semi-finalist, Henri Leconte of France, a superbly gifted left-handed shot maker who is building up again after an operation three months ago for a herniated disc. On his day, Leconte could beat anyone.

Miss Graf, just 18, has the experienced 34-year-old Australian Wendy Turnbull (13) cast as her fourth round opponent.

This will be just the test she needs before facing Gabriela Sabatini (7) again. Her match against the 17-year-old Argentine beauty in Paris, where she trailed 3—5 in the final set before winning, revealed Graf's determination and courage. Miss Sabatini herself will be fully tested by the exciting 16-year-old Russian girl Natalia Zvereva, who won the junior event at Wimbledon

First, though, Miss Zvereva must beat the number 11 seed Lori McNeil, who may be too experienced, given the training she has had from John Wilkerson's Houston stable, which also produced Zina Garrison—sadly absent this year with an injury. In the semi-final Miss Graf is due to face either the number one Czech Hana Mandlikova (4) or Pam Shriver (6) of the US. However, the American must first beat either Claudia Kohde-Kilsch (9) or the top Russian girl, Larisa Savchenko, who is 21 and improving all the time.

The gods have treated the holder, Martina Navratilova, most kindly. Her route to the semi-finals seems clear via Katerina Maleeva, (15), and her sister Manuela, (8), or Barbara Potter, (14). However, Katerina has in her quarter the immensely promising 15-year-old Spanish No 1, Aranxa Sanchez, whose elder brother Emilio is seeded 14 in the men's event and younger brother Javier is the junior world champion.

They are quite a family, and Aranxa is already noted in Miss Navratilova's record book for the fright she gave her in Key Biscayne last February.

In the semi-finals either Chris Evert or Helena Sukova (5) is seeded to oppose Martina. Mrs Lloyd will be doubly keen to revenge her recent loss in Paris and Miss Sukova will try to repeat the grass court win she scored over Martina in the semi-final of the 1984 Australian Open.

That, then, is the picture for what promises to be as interesting a championship as I can remember in many a year. If Martina cannot assert herself at Wimbledon, where she has reigned so gloriously for so long, then I believe she might decide to retire. Of course, she is still perfectly capable of winning an eighth title to equal Helen Wills Moody's record, but I am not sure that she any longer sees herself as one step ahead of the field. She can only deteriorate while Miss Graf and Miss Sabatini and the rest can only improve.

In two weeks time, therefore, I expect to salute the new German era.

TOP SEEDS

1—Boris Becker (Ger, 19). Still the youngest ever men's champion when he defended last year, he is seeded one this time although ranked two on the world rankings. Won Queen's tournament last week although serving badly. The best grass court player in the world if his serve is working. A great volleyer and the logical favourite.

2—Ivan Lendl (Cz, 27). A resident of Greenwich, Conn., the world champion in 1985 and 1986 is burning to win his first Wimbledon. With the help of coach Tony Roche he is volleying much better now. His third French win two weeks ago means he will be confident but his bludgeoning back court game lacks the flair and flexibility necessary to succeed on grass.

3—Mats Wilander (Swe, 22). In 1982 he was the youngest ever winner in France. Since then he has, somewhat surprisingly for a player bred on clay, twice won in Australia on grass. In 1983 in Melbourne he beat McEnroe and Lendl in succession and in 1984 Curren. In 1985 a second French title reaffirmed his quality. After a sabbatical at the end of 1986 he got married last January and has returned to the circuit invigorated as his wins in Monte Carlo and Rome indicated, plus his run to the final in Paris.

4—Stefan Edberg (Swe, 21). As the winner of the Australian Open for the past two years he will start as many people's favourite. Despite an outstanding junior record (he won the junior grand slam in 1983) he has not yet fulfilled his potential.

5—Miloslav Mecir (Cz, 23). The joker in the pack whose ability to take an early ball and disguise the direction of his drives totally bewilders his opponents.

6—Yannick Noah (Fr, 27). The greatest athlete in tennis, he has a French mother and an African father who played soccer for Sudan, which is where Yannick was born in 1960. Plagued by injuries last year, he did not play at Wimbledon and is desperately short of grass court experience.

7—Jimmy Connors (US, 34). As his play in last week's Queen's final showed, he has lost none of his ability to return even the fastest services with interest. The Wimbledon champion in 1974 and 1982, he has also won the US Open five times.

8—Andres Gomez (Ecu, 27). A tall left-hander whose best results have come on clay — he won the Italian Open in 1982 and 1984.

WOMEN

1—Martina Navratilova (US, 30). The greatest player of the decade, she has won Wimbledon for the past five years and seven times in all—just one short of Helen Wills Moody's record. A left-hander with a natural serve-and-volley game that thrives on grass, Martina has yet to win a tournament in 1987—an unprecedented occurrence.

2—Steffi Graf (Ger, 18). Undefeated in seven tournaments and 39 matches in 1987, she won her first grand slam title in Paris two weeks ago. Last Sunday she celebrated her 18th birthday. On Monday she returned to London to resume practice with Pavel Slozil, the former Czech Davis Cup player. Three years ago she said she would win Wimbledon within three years. I believe she was right. This will be her year.

3—Chris Evert (US, 32). Since exploding on to the international scene in 1971 by reaching the semi-final of the US Open, aged 16, she has collected more titles (151) than anyone in the game's history. For the past 13 years she has won at least one grand slam title, but that record might end this year. Her consistent back court game has taken her to 10 Wimbledon singles finals, but she has won "only" three (1974, '76, '81) because her game is best suited to clay, as her record seven French Opens indicate.

4—Hana Mandlikova (Cz, 25). The most naturally gifted of all the leading players, her all-court game has brought her titles on grass in Australia (1980), on clay in Paris (1981), and on asphalt in New York (1985). But she has twice been a finalist at Wimbledon without winning (1981, '86).

5—Helena Sukova (Cz 22). The daughter of the 1962 Wimbledon finalist, the late Vera Sukova, and Cyril Suk, president of the Czech Tennis Federation, she is a tall girl at her best on fast grass. Last year she reached the US Open final by beating Evert, but then lost to Navratilova.

6—Pam Shriver (US, 24). She might celebrate her 25th birthday on July 4 by winning her first Wimbledon singles title. She has won the doubles here five times with Navratilova. Tall and with a good service, her forehand is an uncertain stroke that sometimes lets her down.

7—Gabriela Sabatini (Arg, 17). The brightest talent to emerge from South America since Maria Bueno, this dark beauty has an exciting, attacking top spin game that demands perfect timing on fast grass. Last year she reached the semi-final but was overpowered by Navratilova. Her potential quarter-final clash with Graf could be the match of the championships.

8—Manuela Maleeva (Bul, 20). The elder of two talented sisters whose mother was nine times champion of Bulgaria.

* * *

THE CHAMPIONSHIPS, as the two-week tennis festival at the All England Club is properly described, were first held in 1877.

The head groundsman, Jim Thorn, has a permanent staff of ten to look after the 18 grass courts. Each autumn the courts are over-sown; they are never returfed.

● 1987 marks the 50th anniversary of radio broadcasts from Wimbledon, the 40th year of TV coverage, and the 20th year of colour transmissions. These anniversaries are commemorated by a special exhibition in the Wimbledon Lawn Tennis Museum which is open to the public during the championships.

● In 1968, the first year of open tennis, the total prize money was £26,150 and Rod Laver won £2,000 for winning the men's singles. This year the men's champion will receive £155,000 from a total pool of £2,470,020.

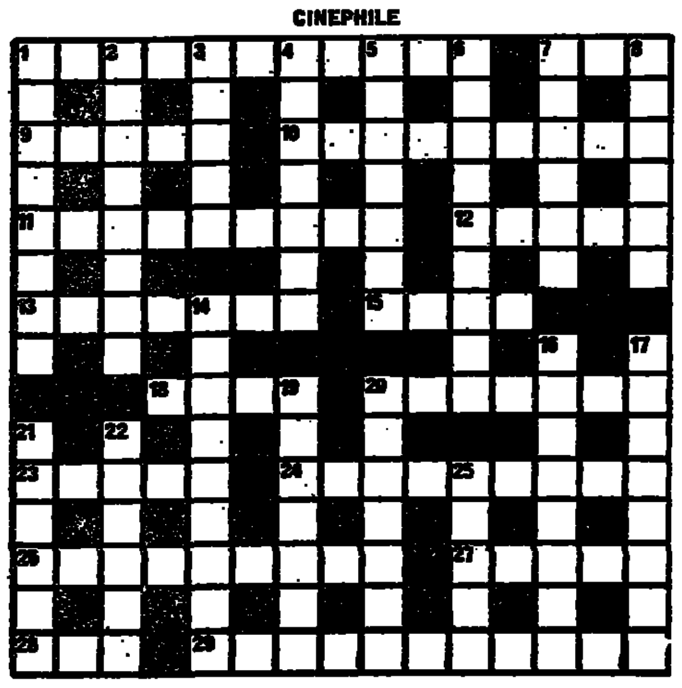
● IN 1986 a record 38,813 spectators visited Wimbledon on the first Thursday (the last 9,000 coming in after 5 pm). This year, in an attempt to reduce congestion, the gates will be closed when 28,000 spectators are inside the ground (instead of 31,00). At 5.30 pm the gates will be opened again to admit more spectators at £3 a head because by then many of the early visitors will have left.

● A new results board on the wall of the debenture holders' lounge facing courts 14 and 15 will repeat the information displayed in the main concourse opposite the referee's office, and should reduce congestion in that area.

● *Michael Thompson-Noel* adds: For a fascinating locker room glimpse of a young champion's development, see Boris, by Gunther Bosch (Collins, £8.95), in which Becker's former coach tells it from the inside. And for a celebration of Wimbledon itself, see 100 Wimbledon Champions, by the FT's John Barrett (Collins, £18.95).

FT CROSSWORD PUZZLE NO. 6,357

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 Clock for King George and stout lady (11)
7, 15, 28, 1 down, 25 down Stand-up line for Aquarius—gun covered goose (3,4,3,8,5)
9 One member for the French is more than enough (5)
10 Marcher's left, welcome at Hogmanay (5,4)
11 China's two ages (9)
12 Bury orphaned painter (5)
13 New loaf put in high place (2,5)
15 See 7
18 See 23
20 Unmanly man extracts money from work (7)
23, 18 Don't be so rude with your finger, it won't get you anywhere (9)
24 Danger signal to the old-fashioned in Moscow (3, 6)
26 Take luggage from rack with small letters in (5,4)
27 Queen caught disease in cornfield (5)
28 See 7
29 Mrs Twist, nee Twist, stands for Parliament (11)

DOWN

1 See 7 across
2 Test of purchase shown by pat on head (8)
3 End of drink, for example, among doctors (5)
4 Insult a French cover? (7)
5 Tackle to die in? (7)
6 Recovery from River Teal (9)
7 Expansion of economy could be malignant (6)
8 Odd art form for fond old man (6)
14 Successful coup may result in more running (9)
16 It's eaten in France, whose Eastern region swallows a load (8)
17 Dog on its hind legs who puts cat among pigeons? (8)
19 Not quite certain? "Don't know" would be better (7)
20 Trimmed disgracefully half way to next election? (3-4)
21 An election for head of Oxford was divine (6)
22 Roman man eats sheep in front of box (6)
25 See 7 across

Solution to Puzzle No. 6,356

S	T	R	I	V	I	N	G		S	T	I	L	L	S
C		E		I		O				R		I		I
H	E	S	I	T	A	N	T		S	U	M	M	O	N
E		T		A		P		A		N		B		I
M	U	R	A	L		L	U	D	I	C	R	O	U	S
E		A				U		Z		H				T
	D	I	S	C	U	S		E	L	E	V	A	T	E
S		N		R						O		V		R
O	U	T	L	O	O	K		M	E	N	I	A	L	
P				S		N		A				L		S
R	A	V	I	S	H	I	N	G		P	L	A	N	T
A		O		W		T		E		I		V		O
N	O	T	I	O	N		A	N	G	L	I	C	A	N
O		E		R				T		O		H		E
S	T	R	I	D	E		M	A	T	T	R	E	S	S

Solution and winners of Puzzle No. 6,351

E	D	M	U	N	D		I	R	O	N	S	I	D	E
T		A		E				E		E		H		S
H	A	R	O	L	D		H	A	R	E	F	O	O	T
E		I		S		B		P		D		G		A
L	O	N	D	O	N	E	R		F	L	U	E	N	T
R		A		N		G		U		E		N		E
E	D	D	Y		A	G	O	N	I	S	E			
D		E		T		A		R		S		P		F
			C	H	A	R	T	E	R		F	O	U	L
E		H		R		Y		A		C		W		A
D	R	A	G	O	N		A	D	J	A	C	E	N	T
W		R		S		E		Y		N		R		I
A	L	T	I	T	U	D	E		B	U	F	F	E	R
R		Y		L		G				T		U		O
D	A	R	K	E	N	E	D		M	E	R	L	I	N

Mrs C. Shaw, Ashendon, Bucks; Mr Jim Watts, Tockwith, Yorks; Mr P. H. Dickinson, Brislington, Bristol; Mr G. A. Hanscomb, London W8; Mr P. A. L. Freeman, London NW4.

SATURDAY

TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am The Family-Ness. 8.35 Dogtanian and the three Muskethounds. 9.00 It's Wicked! 10.40 The Party in the Park. 11.12 Weather. 11.15 Grandstand including 11.20 World Cup Rugby Final. 1.05 pm Rallying. 1.20 Cricket (Second Test). Racing from Ascot at 2.00, 2.30 and 2.05 and 2.35 Tennis (The Pilkington Glass Ladies Championships). 3.10 Tennis/Cricket. 4.30 Show Jumping/Hockey (Royal International Horse Show and Great Britain v Australia).

5.05 News. 5.15 Oliver Twist. 5.50 Party in the Park. 6.25 Les Dennis's Laughter Show. 7.00 Bob says Opportunity Knocks (part 1). 7.45 Film: "The Wild West Revisited," starring Robert Conrad. 9.20 News. 9.35 Bob says Opportunity Knocks (part 2). 10.00 Sports Special.

BBC 2

2.25 pm Film: "The Sea Chase," starring Lana Turner and John Wayne. 4.20 The Sky at Night. 4.40 Cricket (Second Test). 6.10 Dancing in the Rain. 6.50 Almeida Festival. 7.20 Newsview. 8.00 Cardiff Singer of the World. 8.40 Almeida Festival. 10.00 Film: "The Friends Of Eddie Coyle," starring Robert Mitchum. 11.40 Film: "And Soon The Darkness," starring Pamela Franklin and Michele Dotrice.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 The Roxy. 12.00 News. 12.05 pm Wrestling. 1.00 Boris Becker (a Profile). 1.30 Terrahawks. †2.00 Blondie Plays Cupid, starring Penny Singleton. 3.00 International Athletics (England v Italy v Czechoslovakia). 5.00 News. 5.05 The Grumbleweeds Show. 5.35 The Prince's Trust Rock Gala. 7.05 The Best of Bobby Davro on the Box. 7.50 Film: "Death Stalks The Big Top," starring Angela Lansbury. 9.15 News. 9.30 Bulman. 10.30 The Late Clive James. 11.15 News Headlines followed by First AIDS.

CHANNEL 4

9.25 am Pets in Particular. 9.50 Moneyspinner. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 Dancin' Days. 12.10 pm Century on the Crags. 1.10 World of Animation. 1.40 Film: "The Awful Truth," starring Cary Grant. 3.20† Film: "His Girl Friday," starring Cary Grant. 5.05 Brookside Omnibus. 6.00 Right To Reply.

6.30 Ourselves and Other Animals. 7.00 News followed by The Gods of War. 7.30 Bandung File. 8.30 Robinson Country. 9.00 Nights and Days. 10.00 Golf (the US Open). 12.00 Don't Miss [illegible] Film: "Nosferatu The Vampyre," starring Klaus Kinski.

S4C WALES

11.00 am A Week in Politics. 11.45 What the Papers Say. 12.00 The Making of Britain. 12.30 pm A Passage to Britain. †1.00 Film: "Three Cases of Murder." †2.55 Film: "The Demi Paradise" starring Laurence Olivier. 5.00 Roosevelt's Children. 6.00 Right to Reply. 6.30 Listening Eye. 7.00 The Dragon has Two Tongues. 7.35 Newyddion. 7.50 Cymer pwy? 8.20 Cyfle. 9.20 Realo. 9.50 Y maes chwwarae. 10.30 The US Open Golf. 12.00 Sioe siarad III: iaith ar daith.

IBA Regions as London except at the following times:

ANGLIA

2.00 pm Man in a Suitcase. 12.40 am Personal View.

CENTRAL

1.00 pm Star Fleet. 1.30 The Incredible Hulk. 2.30 Boris Becker (A Profile). 12.45 am Prisoner Cell Block H. 1.40 Film: "The Betsy," starring Laurence Olivier and Robert Duvall. 3.55 News, followed by Central Jobfinder '87.

GRAMPIAN

1.30 pm Small Wonder. 2.00 Magnum. 5.05 Scottish Athletic Championships. 6.00 The Best of Bobby Davro on the Box. 6.45 The Grumbleweeds Show. 7.15 Carlton, Your Doorman. 7.45 The Prince's Trust Rock Gala. 12.45 am Reflections followed by Cricket Results.

GRANADA

1.00 pm Bugs Bunny. 1.10 William the Conqueror. 12.45 am Special Squad.

HTV

11.57 am HTV News. 1.30 pm Film: "Operation Bulshine," starring Donald Sinden and Barbara Murray.

SCOTTISH

1.30 pm The Man Who Wants to Change the World. 2.00 The Love Boat. 2.55 Cartoon. 5.05 Scottish Athletics Championship. 6.00 The Best of Bobby Davro on the Box. 6.45 The Grumbleweeds Show. 7.15 Carlton Your Doorman. 7.45 The Prince's Trust Rock Gala. 12.45 am Late Call.

TSW

1.30 pm The Saturday Matinee: "Battle for the Planet of the Apes." 5.05 Newsport. 12.40 am Postcript.

TVS

12.45 am Al Stewart. 1.30 Company.

TYNE TEES

†1.00 pm Blondie Meets the Boss. 2.05 Tucker's Witch. 12.45 am Poetry of the People.

ULSTER

11.15 pm Magnum. 12.15 am Sports Results. 12.20 News at Bedtime.

YORKSHIRE

11.00 pm Film: "Battle of the V1," starring Michael Rennie and Patricia Medina. 12.45 am The Late Film: "The Next Man," starring Sean Connery. 2.45 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sound of the 60's. 11.00 Album Time. 1.00 pm Frankie Howard. 1.30 Sport on 2 including Tennis (Pilkington Glass Championships). Athletics, Cricket (the Second Test), Racing from Ascot, Show Jumping (The Royal International Horse Show), plus Golf and Motor Racing. 6.00 Pop Score. 6.30 Old Stagers. 7.00 Three in a Row. 7.30 Radio 2 Festival of Music. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Charles Nove presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.5 Morning Concert (Saint-Saens, Sullivan, Lambert) 8.00 World Service News. 8.10 William Lloyd Webber, Mendelssohn, Brahms, Van Bree. 9.00 News. 9.05 Record Review. 10.15 Stereo Release (Verdi, Poulenc, Weill). 10.55 BBC Symphony Orchestra in Bergamo: Brahms (Academic Festival Overture; Violin Concerto, with Oleg Kagan). 11.55* Interval Reading. 12.00* Mussorgsky (Pictures from an Exhibition). 1.00 pm News. 1.05 Kyoko Takezawa. Performances by the Japanese violinist. (Tchaikovsky, Ysaye, Brahms). 2.00 Amor Vincitore. (Dramatic cantata by J. C. Bach). 3.00 Eugen Jochum Conducts Schubert (Symphony No 5), Roger (Serenade-mono). Weber (Der Freischutz—Act 1). 5.00 Jazz Record Requests. 5.45: Critics' Forum. 6.35 Grieg Piano Music. 7.10 In Search of a Better Past. 7.30 Almeida Festival 1987 (A programme of music by Eisler, from 8.40 simultaneous broadcast with BBC2). 10.00 After School (Story by Eugene Dubnov). 10.10 Northern Sinfonia: Mozart (Overture: Idomeneo), Haydn (Symphony No 60), Strauss (Metamorphosen). 11.15 Faure (Piano recital by Howard Shelley). 11.57-12.00 News.

BBC RADIO 4

7.0 am Today. 9.0 News. 9.5 Sport on 4. 9.30 Breakaway. 10.00 News: Loose Ends with Ned Sherrin and guests. 11.00 Talking Politics. 11.25 From Our Own Correspondent. 11.55 The Weekend on 4. 12.00 News: Money Box. 12.27 pm Just a Minute. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: A Very Warm Welcome. 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 SO4 (Science on 4). 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News: Sports round-up. 6.25 Stop The Week With Robert Robinson (s).

7.00 Saturday Night Theatre (S). 8.15 Moments Into Poetry. 8.30 Baker's Dozen. 9.30 Thriller! "The Possessors." 9.50 Ten To Ten (S). 9.58 Weather. 10.00 News. 10.15 Saturday Feature. 10.45 Flashback. 11.00 The Wordsmiths at Gorsemere (S). 11.30 The Party Party (S). 12.00-12.15 am News; Weather.

SUNDAY

Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 The Coming of Age. 10.30 Micro File 2. 10.55 Bike Brothers. 11.20 You in Mind. 11.30 The Goode Kitchen. 11.45 Discovering Portuguese. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers.

1.00 News. 1.05 Bonanza. 1.55 Tom and Jerry. 2.00 Eastenders. 3.00 Film: "The Further Adventures of the Wilderness Family," starring Robert Logan and Susan Damante Shaw. 4.40 The Pink Panther Show. 5.00 Party in the Park. 5.50 The Animals Roadshow. 6.25 News. 6.40 Praise Be! 7.15 Anzacs. 8.50 Bread. 9.20 That's Life! 10.05 News. 10.20 Choices. 11.10 The Royal International Horse Show.

BBC2

1.30 pm Sunday Grandstand, including: 1.30 Show Jumping (The Royal International Horse Show), 2.30 and 5.00 Cricket (Refuge Assurance League), 3.45 Athletics (GDR v USSR in the European Cup), 6.30 Motor Racing (Detroit Grand Prix). 6.55 The Money Programme 7.30 Cardiff Singer of the World. 9.20 Theatre Night: The Birthday Party by Harold Pinter. 11.10-11.50 The 1987 Formula One World Championship—Detroit Grand Prix.

LONDON

9.25 am Wake Up London. 9.30 Disney's The Wuzzles. 10.00 Get Fresh. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Jobwatch. 12.30 pm Easy. 1.00 Police 5. 1.15 The Smurfs. 1.30 Link. 2.00 Thy Kingdom Come. 2.30 News followed by A Hole Lot Of Trouble. 3.00 Ouch! 3.30 International Athletics The Pearl Assurance Great North Run. 4.30 The Honey Siege. 5.00 Show Me.

5.30 Hart to Hart. 6.30 News. 6.40 Highway. 7.15 Terby's Frame Game. 7.45 Flying Lady. 8.45 News. 9.00 Floodtide. 10.00 Thriller: Man On The Screen. 11.00 News followed by The Silk Road. 11.55 Derrick.

CHANNEL 4

9.25 am Sarah. 10.00 Bandung File. 11.00 Cartoon Carnival. 11.30 The Owl Service. 12.00 Network 7. 2.00 pm The Pocket Money Programme. 2.30 Film: "Walk, Don't Run," starring Cary Grant, Samantha Eggar and Jim Hutton. 4.30 Woody Woodpecker. 4.40 Hazel's Children. 5.30 News followed by Too Hot To Handle?

6.15 Rowing (The Leyland Daf Power Sprint). 7.00 Channel To Sport. 7.15 The Struggles For Poland. 8.15 Man And Music: Classical Vienna (Mozart). 9.15 Porterhouse Blue. 10.15 Golf (The US Open).

S4C WALES

10.00 am Bandung File. 11.00 Cartoon Carnival. 11.30 The Owl Service. 12.00 Network 7. 2.00 pm Film: "There's No Business Like Show Business," starring Ethel Merman, Donald O'Connor, Marilyn Munroe and Dan Dailey. 4.30 Odyssey. 5.30 Too Hot to Handle. 6.15 The Leyland Daf Power Sprint. 7.00 Challenge to Sport. 7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Fo A Fe. 8.30 Mwynhau's Pethe. 9.00 Helwyr Y Nos. 9.45 Cadw'r Oed. 10.15 The US Open Golf.

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 1.00 pm Anything Goes. 1.25 Weather Trends. 1.30 Farming Diary. 2.30 Censored Bloopers. 11.00 Meltdown. 12.00 Jancis Harvey Sings.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 2.30 The Love Boat. 5.30 Highway To Heaven. 11.50 Perspective. 12.20 pm Border Weather.

CENTRAL

09.25 am Max The 2000 Year Old Mouse. 1.00 Link. 1.30 Care Bears. 2.30 TV Censored Bloopers. 5.00 Nuts. 5.30 Highway to Heaven. 11.00 The 1987 American Music Video Awards. 12.05 am Prisoner Cell Block H. 0 The Sci-Fi Movie: "Blade Runner," starring Harrison Ford and Rutger Hauer. 3.05 Central News followed by Central Jobfinder '87.

GRAMPIAN

9.25 am Cartoon. 11.00 Cartoon. 11.05 The Year Was. 11.35 Church and Change. 1.00 pm Farming Outlook. 1.30 Sixth Sense. 2.30 Highway to Heaven. 5.00 Whose Baby. 5.30 Show Me. 6.00 Diff'rent Strokes. 12.00 Living and Growing for Adults. 12.30 am Reflections.

GRANADA

9.25 am Crystal Tipps and Alistair. 1.00 pm Members Only. 1.05 App Kaa Hak. 1.10 Easy Street. 1.40 This is Your Right. 2.30 Hart to Hart. 6.00 Survival. 11.00 Worlds Beyond. 11.30 The Silk Road.

Linda Marlowe; ITV 9 pm

HTV

9.25 am Max the 2,000 Year Old Mouse.

1.00 pm Farming Wales, followed by Weather for Farmers. 2.30 Crazy Like a Fox. 5.30 The Adventures of a Lady. 6.36 HTV News. 11.30 Connie.

HTV Wales—As HTV West except:

SCOTTISH

9.25 am Peter's Adventures. 11.00 Sunday Documentary. 11.25 Cartoon. 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 By the Way. 2.15 Tell the Story. 2.30 Hart to Hart. 5.30 Highway to Heaven. 11.00 Late Call. 11.05 Meltdown.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 2.30 The Fall Guy. 4.30 Gardens for All. 5.00 The Honey Siege. 5.30 Diff'rent Strokes. 6.00 Show Me. 6.35 TSW News. 11.00 And the word was God. 11.30 The Silk Road. 12.25 am Postscript Postbag.

TVS

9.25 am Employment Action. 1.00 pm Agenda. 1.30 Enterprise South. 2.30 Short Sotry Theatre. 5.30 Highway to Heaven. 6.25 TVS News. 11.00 Connie. 12.00 Charlie Pride, Portrait of a Legend. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 10.00 The Smurfs. 10.15 The Great North Run. 12.00 The Great North Run. 1.00 pm Farming Outlook. 1.30 Jobwatch. 2.30 The Duke Lives On—John Wayne. 5.00 Thort Story Theatre. 5.30 Highway to Heaven. 11.00 The Great North Run Round-Up. 11.30 Boris Becker (a Profile). 12.00 Epilogue.

ULSTER

9.25 am Cartoon Time. 12.58 pm News. 1.00 Link. 1.30 Irish Railways—the Impermanent Way? 1.58 Farming Weather. 2.30 Ireland to Starboard—Cork Dry Gin Round Ireland '86 Yacht Race. 5.30 Highway to Heaven. 6.38 Ulster News. 8.57 Ulster News. 12.00 Sports Results. 12.05 am News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Link. 1.25 Farming Diary. 2.30 Hart To Hart. 5.00 Highway To Heaven. 6.00 Sweethearts. 11.00 Insight. 11.30 The Silk Road. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies For You. 11.00 Desmond Carrington with Your Radio 2 all-time greats. 2.00 pm Stuart Hall's Sunday Sport. 6.30 Charlie Chester with your "Sunday Soapbox." 7.35 Ian Wallace presents "Heroes and Villains." 8.30 Sunday Half Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz. 1.00 am Charles Nove presents "Nightride." 3.00-4.00 A Little Night Music

BBC RADIO 3

7.00 am News. 7.05 Abel, J. C. Bach and Friends. 8.00 World Service News. 8.10 Leon Goossens: The oboist playing Bach, Elgar, Templeton and Vaughan Williams. 9.00 News. 9.05 Your Concert hoice: Haydn (Symphony No. 46) Brahms (Alto Rhapsody) Schubert (Fantasia in F minor for piano duet) Ruggles (Portals) Mozart (Soave sia il vento, from osi) Ravel (Suite: Mother Goose) 10.30 Music Weekly. 11.15 Raphael and Peter Wallfisch: Cello and piano recital (Suk, Leighton, Martinu). 12.15 pm Berlin Philharmonic Orchestra conducted by Karajan: Mozart (Divertimento, K287) 12.50* Interval Reading: 12.56* Brahms (Symphony No. 2). 1.40 Garrick Ohlsson: Haydn (Sonata in B minor, HXVI 32, and Variations in F minor XXVII 6) Beethoven (Sonata in A, Op. 2 No. 2) 2.30 Opera in the Third Reich 4.55 Flute and Harp: David Heath and Gillian Tingay (Josef Molnar, William Alwyn, Ibert, trad arr Galway Gossec). 5.30 Talking to Itself. 6.15 Edith Vogel Plays Brahms. 7.05 BBC Philharmonic Orchestra: Part 1: Stravinsky (Scherzo a la russe) Britten (Violin Concerto, with Nigel Kennedy). 7.45* An Education for Life. 8.05* Concert (Part 2): Sibelius (Symphony No. 2). 9.00 Aldeburgh Festival 1987 (Part 1): Ravel (Histoires naturelles: Gaspard de la nuit) 9.45* Letter From New York. 10.05* Aldeburgh Festival (Part 2): Gershwin songs and the Fantasy on Porgy and Bess by Grainger. 11.00 Bournemouth Sinfonietta Plays Mozart. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 Waterlines. 7.40 Sunday. 8.50 The Week's Good Cause. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. (The 2,000th edition.) 9.30 Morning Service. 10.15 The Archers. 11.15 Pick of the Week (S). 12.10 pm Alastair Cooke's Transatlantic Call. 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.30 Origins. 4.00 News: The Food Programme. 4.30 The Natural History Programme. 5.00 News: Travel. 5.05 Tales of Araby.

5.50 pm Shipping Forecast. 5.55 Weather; Travel. 6.00 News. 6.15 Feedback: Christopher Dunkley follows up your comments about the BBC and its programmes. 6.30 Instruments of Torture. 7.00 East Lynne (S). 8.00 Bookshelf. 8.30 A Word in Edgeways. 9.00 News: George Gershwin (S). 9.30 Law in Action. 9.58 Weather. 10.00 News. 10.15 Victoria. 11.00 Seeds of Faith (S). 11.15 Actuality. 12.00-12.15 am News.